MAY 20 1930

MAY 21, 1930

THE BUSINESS WEEK

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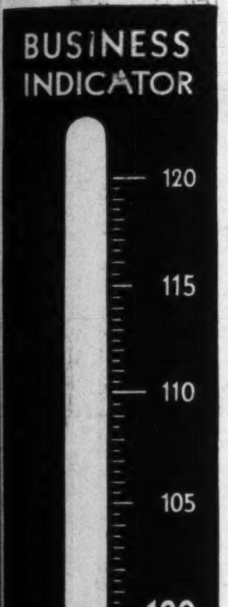

AFTER several weeks of doldrums and spring fever, business has perked up slightly and resumed its slow and irregular climb back toward normal. Although basic industry now faces the season of summer slackening, it is holding up somewhat better than usual. . . . . Steel production is running distinctly above normal despite discouragement due to declining prices, and regretful reminiscences about the boom last year at this time. Increased trade activity—more cars loaded, more checks cashed, more money going round—has jiggled our business thermometer this week up to within 3% of normal for the season and the year (see p. 37). . . . . It still looks chilly only by contrast with last year, when it read 8% above. If the upward trend in general business should continue at the rate it has shown since the beginning of March, we should be back to normal by October. . . . . The stock market has apparently dug itself in for a while, determined to wait and do no more discounting of recovery till it can see the whites of its eyes. Commodity prices are still declining, but here and there they seem to be scraping bottom. If retail prices, too, will climb down gently without being pushed, or knocking wages off first, recovery may be a bit faster.

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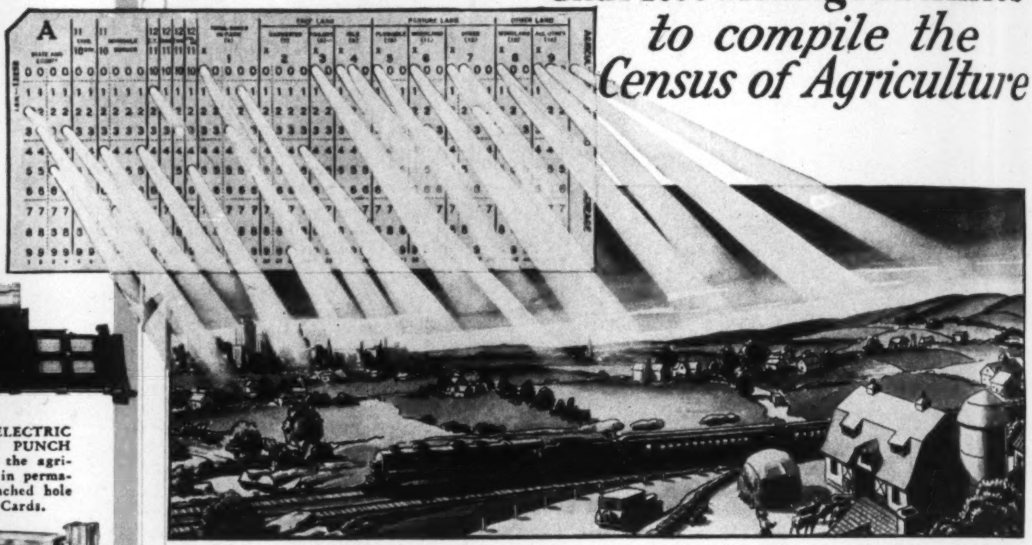

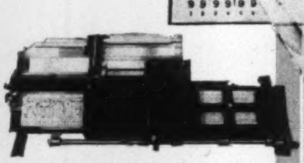

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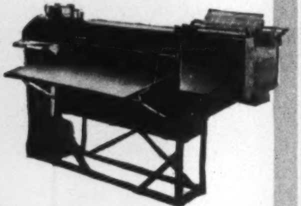

INTERNATIONAL ELECTRIC ACCOUNTING MACHINE — which will automatically produce the census facts in printed, tabulated form.

The 1930 Census of Agriculture is under way. Data will be gathered covering crops, live stock, farm facilities, size of farms, farm tenure, and acres under cultivation for the 6,500,000 farms in continental United States, Alaska, Hawaii, Guam, American Samoa, Porto Rico, and the Virgin Islands.

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What's In This Issue—And Why

BIG employers of labor are doing their best to maintain the 1929 rate of wages. Smaller concerns are cutting here and there. All face the problem of reducing payroll expense; solutions vary widely.

EUROPE is discussing the puzzle. Buying must be revived. Only low prices will do it. Wholesale prices have broken. Which will break next, retail prices, or wages?

COPPER prices broke; sales for the week 196,000 tons, greatest seven-days in the history of the industry. Prices promptly strengthened. Other industries watched thoughtfully.

FORD and Chevrolet are doing 65% of all the automobile business; five more low-priced cars take the next 10%. Business is better than in 1928. Study of the figures yields much else that is worth knowing.

APRIL, usually the peak month for letting of building contracts, leaves the trend confusing. Residential building lags; public building is considerable—these are the only points clear.

APPLICATIONS for loans prove many more would like to build. Lenders are hard-hearted, though beginning to relent a little.

EXPORTS are declining, since we enjoy no special immunity in a world of business depression, but some lines, notably machinery, show gratifying strength.

TO sell or not to sell to the Russians—that is the question American manufacturers keep asking the Department of Commerce. The Department gives *The Business Week* a definite statement of its policy toward Russian trade.

DEPARTMENT OF JUSTICE begins its long-awaited suit against Radio Corporation of America. R. C. A. welcomes it; is confident its position is justified by patent law. Independents feel differently.

INDEPENDENT GROCERS ALLIANCE, 10,000 members, is shifting to cash-and-carry, self-service, at the rate of 100 stores a week, giving interesting reasons.

GILLETTE suggests resale prices to retailers, but only suggests, stating frankly it knows it cannot enforce—another paragraph in the long history of retail price controversy.

WHAT about those B. & O. buses? The whole question of auxiliary services with which railroads hope to meet competition is at stake in the case before the I. C. C.

MANY premature obituary notices were printed during the years of the Great Boom. One of them mourned the untimely end of commercial paper. It wasn't dead at all; has come back to the tune of $529 millions.

ALMOST the last European country to yield to Socialist pressure for social insurance, France is on the eve of putting the new law into effect—and is worried about it.

MEANWHILE, even though there is government aid, a long list of British firms work out unemployment insurance schemes of their own.

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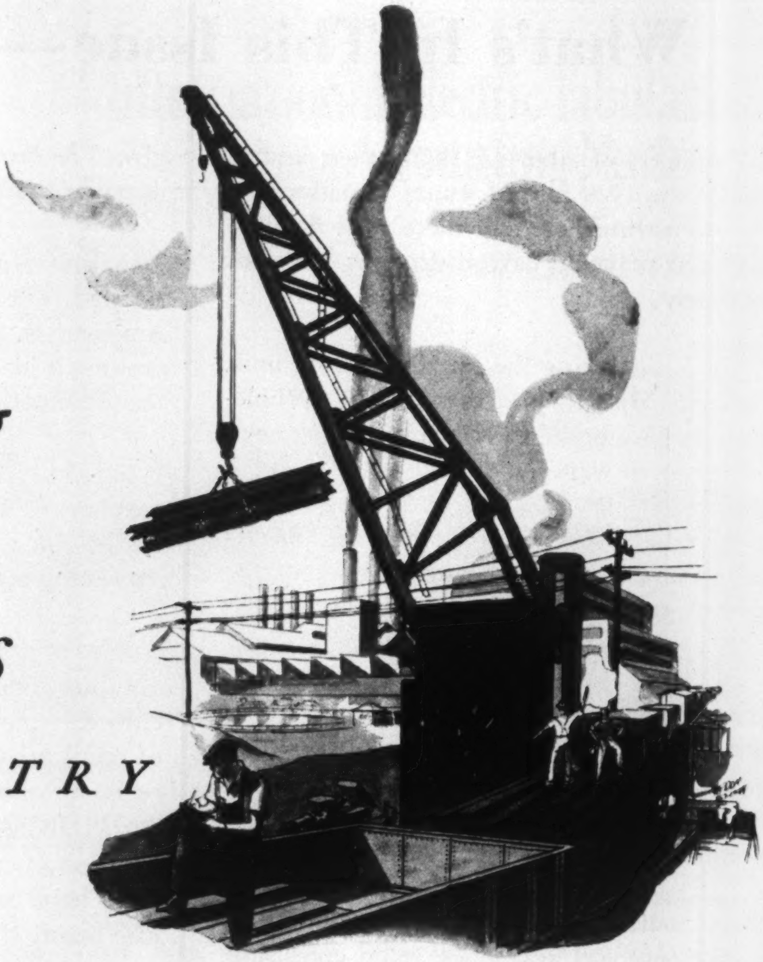
ECONOMICS OF THE ELECTRICAL INDUSTRY

Lifting the Burdens

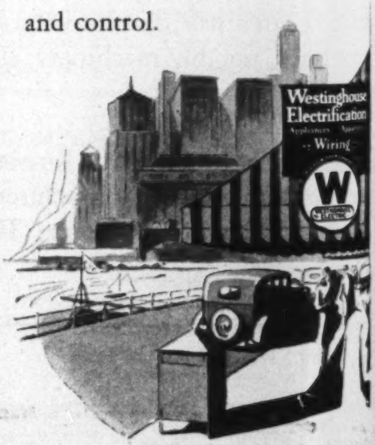
OF INDUSTRY



--- to lighten Handling Costs

Freight never demands lower berths, porter service, or any of the other conveniences that our passenger trains provide en route, but it does require more attention at either end of the run than the fussiest human traveler that ever lived Lowered handling expense through the use of electric power represents definite savings in the cost of delivered goods, making possible better values in all lines of merchandise. In yards and on loading platforms, in factories, mines and mills, we find a few cents' worth of electricity daily lifting the burdens of a hundred men. As modern production grows in speed and volume, new needs arise for electricity and electrical equipment.

In this important field of materials handling, as in all others, Westinghouse plays a leading part in supplying reliable, efficient motors and control.



ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending May 17, 1930

Wage Readjustment Awaits Drop in Cost of Living

Failure of Retail Prices to Follow Wholesale Decline Forces Cut in Jobs Instead of Pay

GETTING out of a business depression seems to be an Alphonse and Gaston affair. Some readjustments between prices, wages, and other costs are usually necessary, but none of the parties concerned wants fo make the first move.

For several months there has been increasing discussion abroad about the relation between wholesale and retail prices and wages, and some folks have begun to interest themselves in this Chinese puzzle in this country. The question business is asking itself abroad is: Wholesale prices of commodities having declined about 10% in a year in almost all countries on a gold standard, when will retail prices decline in proportion? The answer is: when wages decline; but, of course, wages shouldn't decline until retail prices do. The only solution of this puzzle so far seems to be unemployment, for when wages refuse to fall with prices what happens is that they are paid to fewer people.

Europe's Philosophy

Wage reductions are being seriously discussed abroad as a means of stimulating employment. The philosophy of high wages never took much hold abroad anyway; but the idea that real wages, or consumer purchasing power, must be maintained has some following, and accordingly European business is worrying about the failure of retail prices to decline in proportion to the wholesale prices—hoping they will, so that wages may be cut.

A compilation covering 13 countries shows that from the end of 1928 to the end of 1929 the decline in wholesale prices averaged nearly 7%, whereas the average change in the cost of living in these countries was less than 0.2% and in four countries it has actually risen. Counting the whole period of declining wholesale prices from April, 1925, to the end of 1929, these countries show an average decline of 16.2% in wholesale prices as against an average decline in the cost of living of only 3.6%.

The discrepancy seems to be greatest in Great Britain. From April, 1925, to January, 1930, wholesale prices fell 22.5%, the cost of living 5.2% and wages only 2.3%. In the past year wholesale prices have declined about 10%, the cost of living less than 1%, and wages only about 0.5%.

Why Retail Prices Hold

The reasons for the failure of retail prices to fall as much as the prices of raw materials lie in the factors entering into production and distribution costs, such as wages, salaries, rent, fixed charges on capital, national and local taxation. In addition, especially in Europe, price-fixing agreements are a factor contributing to the lag between wholesale and retail prices. In Germany, for instance, the price of raw materials not subject to price agreements by cartels and other devices have fallen about 10% in the past year, whereas in the same period prices of raw materials subjected to cartel control and price fixing agreements actually rose slightly.

The situation in the United States is somewhat similar. Counting from the peak figures in 1929, wholesale prices of all commodities have declined 7.3%, farm products alone have fallen 12%, raw materials, as a group, 10%, and finished manufactured products 6%.

Cost of Living Off 2%

In contrast to these declines retail food prices have fallen only 5%, the total cost of living only about 2%, while average hourly earnings in manufacturing industries are over 2% higher than they were at the peak levels last year.

It is fairly clear that the brunt of this discrepancy in prices and wages has been borne by the employee. The increase of over 2% in average hourly earnings merely indicates that payrolls have been shortened by dropping the lower paid and less efficient workers and retaining the higher paid and more efficient ones. Employment has declined by from 8% to 10%, and the number of hours worked per week nearly 7%, with the result that the average weekly earnings of employed workers have fallen over 4%.

The usual thing in past business recessions has been for wages to decline with wholesale prices and raw materials, and, after a considerable lag, for retail prices or living costs to follow. This has usually intensified the depression and retarded business recovery by abruptly reducing purchasing power.

The more favored process today is for retail prices and living costs to be cut fairly closely with the decline in wholesale prices, and then for wages to be gradually readjusted to living costs, so that real wages fall off last and least.

Neither process has apparently been begun as yet in this or other countries, although the fall in wholesale prices has run true to form. The delay in readjustment may be one reason for continued unemployment and slow business recovery.

Employers Try to Keep Wage Truce

A GENERAL check-up shows that despite instances of wage cuts and wage boosts noted in the preceding issue of *The Business Week*, most large employers are trying to live up to the wage truce agreed on at President Hoover's conferences and are stoutly maintaining their rates of pay. They may be reducing employment by lay-offs and part time, but piecework rates and pay per hour remain as before.

If Tim Murphy and Mike Kovak work 4 hours daily instead of 8, purchasing power and retail sales are diminished by that much. But if Tim and Mike still get 50 cents per hour as they did during the pink of 1929 prosperity, technically they have held their ground. Part-time work and lay-offs are forced on management by factors over which it has no control; rate of pay, a thing which management does control, is for the most part being protected. Whether further recessions in retail prices will force reductions in wage rates, time will disclose.

Smaller Firms Cut

Companies making wage cuts (politely called "wage adjustments") fall into certain groups. In smaller cities some employers are taking advantage of the present situation to save money. They are doing this with an untroubled conscience since they made no pledges and do not feel bound by the wage truce.

Prominent among wage cutters are textile companies. This industry had its troubles before the depression arrived. Some concerns were in a state of suspended migration from New England to the South. Capacity had outrun consumption. Cotton was suffering from silk and rayon competition. Knitting mills were hit in the backswing of the runaway market created by the short skirt. Such complications, aggravated by general trade depression, made wage reductions inevitable.

A few big concerns are retrenching at the top by discharging high priced executives or long-service men drawing more money than need be paid for their work. It is pointed out that President Hoover's insistence on wage maintenance may work to increase the number of unemployed. If wage rates are upheld, a greater number of men must be discharged than would be necessary if all accepted a cut.

Reports from Chicago indicate that payroll expense has been cut by discharging men, by reducing hours of work, by wage reductions. The methods are listed in the order of prevalence. The furniture trade is in difficulties. One big store is offering a distress stock at half manufacturers' costs. Further price battles in furniture are coming.

Using Up Reserves

In Cleveland, 100 representative plants report monthly on employment conditions. One wage cut was reported in February, two in March, four in April. Large plants are holding wages up by cutting into reserve or dividends. For the most part, they are reducing hours.

In Los Angeles, the least efficient employees are being weeded out, thus reducing the wage bill per unit of manufacture. A few companies have lengthened the working day, paying the old daily rate—thus effecting a cut in the wage per hour, but enabling the employee to earn the same amount of money in a week.

Industrial leaders in Minneapolis and St. Paul are holding to the belief and practice of sustained wage rates. Work is being stretched to accommodate as many men as possible. Pillsbury Flour Mills are working four shifts of six hours each instead of three shifts of eight hours. Furniture factories are running four and five days a week. Railroads, largest employers in this district, maintain fairly stable wages by long-term programs of improvement. Minneapolis Citizens Alliance, representing a thousand business firm, says its members are not cutting wages and are not going to.

High Pay Men Kept

Figures of the Merchants Association of New York show that in New York City wage averages are being well maintained. There was some drop in February from January but the loss was recovered in March. (April figures are not yet available but will show improvement in lines influenced by building construction.) This showing is possible because of the general practice of keeping high-priced and old employees while discharging those in the lower pay scales.

Industrial engineers declare this to be unscientific practice. A dramatic example of this policy came to light in a recent strike at a large hosiery plant. Some of the knitters made $8,000 a year. These patricians were the pets of the executives who did not want to reduce their pay or to let them go. However, small consideration was given workers in lowlier jobs who were receiving lower pay.

Building trades unions have advanced their fight for the five-day week in the teeth of the depression. In most cases the per-hour wage is raised so that a man can make as much in 40 hours as he formerly made in 44. One exception, is Duluth, where painters and plasterers accepted the five-day week but allowed the per-hour rate to stand.

The American Federation of Labor sticks to its doctrine that high wages and prosperity are Siamese twins, that an injury to one is a blow at the other. If any compromising is to be done, local unions must take the responsibility. If local unions accept cuts to save jobs the American Federation will look the other way.

Sears Roebuck Cuts Price —And Freight Prepayment

SEARS ROEBUCK is launching its 1930 midsummer sale catalogue with a price cut of 10%, 3% more than last summer. But it is going to offset some of the effect—and cost—of this cut by discontinuing its policy of prepaying freight, inaugurated last fall.

The price cut will take effect at once, covering a total of 10% to 15% of its general catalogue items picked up for the midsummer sale. Freight prepayments will be continued through the summer on all items on which it was offered in the general catalogue, though not for items bought specially for the sale; will probably be completely abandoned next fall.

International News

THE PREAKNESS

William Woodward, chairman of the board of the Central Hanover Bank & Trust Co. of New York, carries the cup won by his horse, Gallant Fox

Chile Joins Nitrate Producers In Cartel Against Synthetic

Defense Program of $375-million Holding Company Expected to Put Americans in Control of Fields

A MAJOR move in the defense of natural nitrate against encroachments of the synthetic took place this week with formation of a $375,000,000 holding company by the Chilean government and producers jointly. The concern, one-half of whose shares will be issued to the government and the other half divided among various producers, will act as a nucleus in merger operations. The government will exempt from the nitrate export tax all the companies that enter the combine and will give the concern all undeveloped grounds not now privately owned. All this will strengthen the producers for the ultimate struggle with the synthetic, although some observers see possibilities of a temporary agreement between the opposed groups on world markets.

Two Groups Control

The natural nitrate industry, which is concentrated in Chile, has been, until recently, controlled by two groups—one, the Guggenheims; the other made up of the remaining producers. Observers believe that the new set-up indicates that the Guggenheims have become the dominating force, thereby controlling the natural nitrate production of the world. Certain it is that production will be rigidly controlled and economies effected to bring prices down to a point at which the natural and synthetic products may compete.

Restriction plans already in effect are said to have reduced production 18%. Forced production during the last few years, made necessary by the industry's needs, has exceeded the absorptive powers of the world's markets, due to unfavorable agricultural conditions and to competition offered by the synthetic nitrate.

The year 1926 saw a crisis in the nitrate industry due to this growing competition of synthetic fertilizers. The monthly production of nitrate had reached 240,400 metric tons in December, 1925. It dropped sharply all through 1926, reaching a low of 73,600 metric tons in February, 1927.

From there on it rose almost as rapidly as it had fallen, until the end of 1927, when the output stood at about the point reached two years previously. That a prolonged period of depression did not follow the crisis of 1926 is due largely to the energetic measures adopted by the government. The year 1928 saw a continued increase in production, though on a smaller scale. But a reaction set in early in 1929, and it was only through the increased production of the third quarter of the year, that 1929 tonnage exceeded that of 1928 by 2.4%.

In the other camp, the battle lines are also being drawn. Negotiations have been carried through in Berlin for the formation of an international syndicate of producers of lime-nitrogen compounds. Producers of synthetic ammonia and ammonia compounds apparently hope to strengthen their position through the expansion of individual or group productive operations.

Expansion in Germany, Italy, France, and the United States has attained, or promises, an aggregate output that is veritably enormous. The British, whose interests in the Chilean nitrate industry are large, are not lagging in the development of a synthetic nitrogen industry. Japan and Russia also have ambitious programs.

In spite of the enormous increases in the amount of nitrogen compounds produced, none of the interests responsible for this expansion (with the possible exception of the German syndicate) appears to fear overloading.

Chemist Causes Trouble

Producers of Chilean nitrate of soda are facing the problem which has been brought to a number of other "natural" industries by the development of synthetic production. They are required most urgently, as other producers have been required, to find a means of reducing their costs of production and distribution. New ideas have been introduced in the Chilean nitrate fields in the past few years. New and less costly processes have been developed. As the cost-reducing processes are largely controlled by American interests, the outcome is quite likely to be that they will replace the British in the position of virtual control.

The Chilean industry is likely to be affected, also, by the development of production of iodine in the United States and in the Far East: for iodine has been a profitable by-product of the Chilean nitrate fields.

LARGEST NATURAL NITRATE PLANT

Maria Elena works of the Anglo-Chilean Consolidated, nucleus of the Guggenheim properties in Chile, with production capacity of 600,000 metric tons a year. Leaching vats in foreground

Credit Association Surveys Nation's Collection Prospects

Credit men whose reports on customers' probable ability to pay later for goods delivered now make them invaluable to employers who pay well for the use of their talents, pooled those talents this week to report to their national convention at Dallas on credit conditions throughout the whole world.

By using the communications system of the I. T. & T. and its subsidiary, Postal Telegraph, they collected the facts and figures on which their report was based in less than an hour's time, bringing some of them all the way from such distant points as London, Shanghai, Havana, Buenos Aires, Rio de Janeiro.

Most interesting, if not always most optimistic, were reports from key cities throughout the United States.

From John F. Otis, New York Credit Men's Association, who canvassed 75 manufacturing and wholesale firms in his market area: "Collections for April, compared with March—70% report 'slightly better'; 15%, 'worse'; 15%, 'same.' April, 1930 as compared with April, 1929 — 75% say 'decidedly worse'; 22%, 'same'; 3%, 'better.' Prospects for collections next 6 months —60% report 'worse'; 30%, 'same'; 10% 'better'."

Hopeful in New York

Juston Edgerton, President, National Retail Credit Association, New York: "Retail charge buying improving; collections slightly off. Generally, we believe things look better."

W. F. Sherril, Chicago Credit Men's Association: "Prospects for collection during next 3 months compared with corresponding period 1929—72% report 'better'; 23%, 'same'; 5% 'worse.' Prospects for next 6 months compared with same period last year—69% report 'better'; 25%, 'same'; 6%, 'worse.'

Reports from Coast

Eugene S. Elkus, San Francisco Credit Men's Association: "While business is passing through an irregular and depressed condition temporarily, everything in our area portends a steady improvement and finally a satisfactory year."

W. R. Arthur, Minneapolis Credit Men's Association: "Expect present levels to continue over next 3 months; then look forward to material improvement as business recovers its equilibrium."

W. W. Roberts, Atlanta Association: "Collections prospects for next 6 months —37% report 'better'; 35%, 'no change'; 28%, 'worse'."

D. J. McMahon, St. Louis Association: "Collections for April better than March but not as good as April, 1929."

L. Lehmann, Rocky Mountain Association: "Collection prospects for next 6 months better."

Secretary of Commerce R. P. Lamont, contributing to the survey, told Lawrence Whitty, president of the National Association of Credit Men, that "there is every indication that the record of the latter half of 1930 will be entirely satisfactory."

Copper Up to 13 Cents As Sales Break Record

Copper has just had the biggest 7-day period in its history. Volume of metal sold to domestic consumers during the copper week (Wednesday to Wednesday) was 137,000 tons, the largest on record (compilation by *Metal and Mineral Markets*). Previous high point was reached in week ending September 4, 1929, when domestic business amounted to 102,000 tons. Excellent buying for export also took place this week bringing the combined business to 196,000 tons.

All this was a direct response to the 12½-cent price and tapered off somewhat Wednesday this week when price advanced to 13 cents. It is felt, however, that the buying wave marks a definite turning point from the depression which followed the spectacular 4-cent drop in price on April 15.

I. C. C. to Study Rail Highway Operations

Speculation over the causes for the investigation announced this week by the Interstate Commerce Commission into operation of motor buses and trucks by railroads overshadowed interest in possible results of the study.

Some of the conditions which, transportation leaders surmise, might have been influential in bringing the matter to a head: rebating practices in connection with terminal trucking in New York and St. Louis; use of buses as feeders to railroad-owned boat lines; cutting fares on bus lines owned by rail carriers and operated in competition with rail service; free bus transfer operation, especially in New York City; failure of Congress to pass legislation governing interstate bus operation.

Van Sweringens Lock East and West Together

Assumption of Missouri Pacific control by the Van Sweringens, long expected, at annual meeting of the road this week, makes the brothers owners of a 12,392-mile carrier which extends their system from the Atlantic to Salt Lake City, 22,833 miles (*The Business Week*, April 2, 1930).

Californians, Inc.

The Largest Single-Unit Sugar Refinery

A night view of the California & Hawaiian Sugar Refining Corporation's plant on upper San Francisco Bay. Overhead, is the Carquinez bridge, one of the principal links in the Pacific Coast Highway from Canada to Mexico

Pacific & Atlantic

GEORGE M. VERITY MAKES A TALKIE

The chairman of American Rolling Mill is rehearsed for his appearance in the new film which tells the company story, being made in Hollywood

R. C. A. Position in Patent Suit Strong, Observers Say

SUIT brought this week by the Department of Justice against the Radio Corporation of America, General Electric, Westinghouse, American Telephone & Telegraph and 6 other organizations to test legality of patent arrangements among them is not likely to come to much in the opinion of informed elements in the radio industry.

Independents Ask Suit

The suit, entered under the Sherman anti-trust law in the U. S. District Court at Wilmington, Del., was brought on chiefly by strong demands from the Senate and certain independent radio manufacturers. Observers who have followed development of R. C. A. closely feel that each step has been so carefully worked out by able legal talent that the group's position can withstand litigation of this nature. They also point to the fact that the question of patent monopoly has been investigated frequently by the Department of Justice and has been the basis of several suits in the federal courts which have held that monopolies set up under patent right holdings are not, in themselves, illegal.

On the other hand, there are those in the industry who see the suit as "the beginning of the end" of the patent pool. Their attitude is expressed by Oswald F. Schuette, executive secretary of the Radio Protective Association, an organization of independent manufacturers, in his statement that the suit "should end at once the terrorization by which this monopoly has dominated the radio art."

Petition filed by the Department of Justice alleges that defendants, most of whom are competitors, by issuing patent licenses to one another, have created a patent combination or pool through which they exercise joint control over the radio industry, that competition among them has ceased, and that no outsider can obtain a license except on terms jointly prescribed by the chief defendants; that the proposed reorganization of R. C. A. would have the effect of perpetuating the control already obtained by the defendants. These allegations follow along lines of those put forth by a large group among the independent manufacturers (*The Business Week*, May 7, 1930).

The attitude of the Department of Justice toward the suit is summed up in the petition where it is stated that "the situation is an intricate one, and it is desirable that these vexing questions be settled in the courts."

R. C. A. also apparently welcomes the action, and in its official statement seems to bear out contentions of the conservative groups in the industry as to the company's position for it declares that, in every step of its development, it has been advised by the government.

R. C. A. income is at present derived 55% from sale of radios, 30% from victrolas, 7% from royalties; 6% from communications, and 2% from other sources, according to the quarterly statement issued this week.

Electricals Move to Settle Patent Disputes in Europe

THE world's large producers of electrical equipment have reached an accord or truce in the competitive battle for markets. This fact is indicated in the financing operations of American manufacturers in Europe announced this week, and is expected to result in a settlement of perplexing patent problems existing in nearly every branch of European electrical development.

For one thing, the German General Electric Company (A.E.G.) has acquired 85% of the capital stock of the Poege Electric Corporation. These shares will be transferred to the Saxon Light & Power Company, or Sachsenwerk, giving General Electric (A.E.G.) a large interest in the combined properties. Furthermore, recent participation by General Electric in financing of Siemens & Halske A.G., a leading German electric manufacturing concern and a competitor of German General Electric (in which the American company has 30% interest), is regarded as significant. Observers point out that Westinghouse is affiliated with the Siemens-Schuckertwerke in which Siemens & Halske has a 57% interest.

R. C. A. Active Abroad

Radio Corporation of America, controlled by the American electricals, will start a campaign of foreign development following the practice of its parent companies. R. C. A. already has a large interest in H.M.V. Gramophone Company, of England. The plan to acquire the Columbia Phonograph Company is part of the general trend in the growth of R. C. A., to which American and European interests are likely to contribute in the way of capital, patents and properties. The new policy will develop production in countries where sales organizations already exist.

Commercial Paper Comes Back With Banks as Biggest Buyers

CURRENT trends in business finance were more easily definable this week. A big revival in the use of commercial paper is most striking, and appears to be growing in strength as time passes.

The rise in commercial paper volume has brought the total reported by 25 leading dealers to $529,000,000. This is 37% above a year ago, and double the low point reached late last summer, when commercial paper was widely held to be going out of use. Volume now is highest since May, 1928.

The increase represents, in part, a shift from bankers' acceptances and commercial loans by banks. Acceptances declined 11% in the first 3 months of the year compared with 6% in the same period of 1929. However, the acceptance total stands $334,000,000 above that for the same period last year.

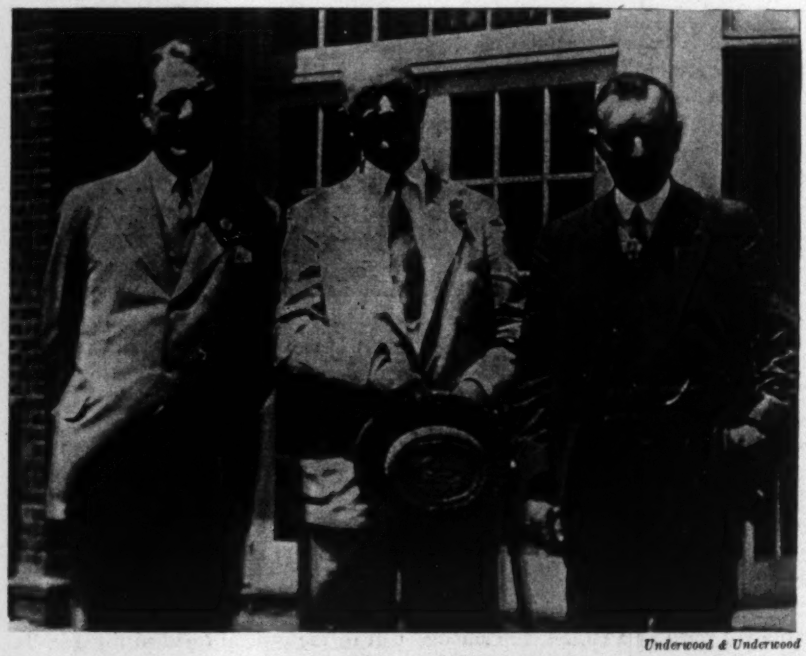
More marked is the change in the status of commercial loans by banks. These have declined through the year almost without exception, until their total is now at the low levels of 1927. Furthermore, they show no signs of a normal seasonal upturn. Transfer from bank loans to open market commercial paper has played a part in this decline.

Rate comparisons favor commercial paper. Its open market rates range from 3½% to above 4%. Bank commercial loans generally are at a considerably higher rate. Then, too, some types of business find commercial loans more convenient. So they have made the shift. But, paradoxically, the banks are chief buyers of the commercial paper in the open market for secondary reserves.

Trade Needs Less Money

The considerably lower commodity prices now prevailing act as another factor cutting down bank loans. Lower prices on commodities mean less money required for trade. Lower prices, plus less business, also account for the shrinkage in the volume of currency outstanding. Circulation now is only slightly above $4,500,000,000, lowest since 1922.

While commercial loans by banks have been declining, security loans have risen. Excepting 4 weeks during the unsettlement of late 1929, their total is now highest in history. Commercial loans have always vastly exceeded security loans until the present. Now the two totals are nearly equal.



Underwood & Underwood

THREE FIGURES IN FINANCE

John G. Lonsdale (left) president of the Mercantile-Commerce Bank & Trust Co. of St. Louis and president of the American Bankers Association, William G. Edens (center) vice-president of the Central Trust Co. of Illinois, and Fred I. Kent (right) of the Bankers Trust Co. of New York attend the executive session of the A. B. A. at Old Point Comfort, Virginia

Acme

SKY VISITORS

Three of the Navy's air ships fly over the McGraw-Hill Building as part of the Navy's great demonstration. The fleet lay in the Hudson; 139 planes "bombed" the city

"Too rapid growth in these loans endangers the stability of the nation's business," Gov. Roy A. Young, of the Federal Reserve Board, referring to security loans, warned the American Bankers Association last week. Security loans are not discountable at the Federal Reserve.

The liquidity of such loans depends upon an instant market for the security collateral and, if any large number of banks sell simultaneously, this market may be broken.

Was There Juggling?

The increase in this type of loan comes partly from the drop in commercial loans. Banks sometimes find it difficult to say to which of these two types some loans belong. There has been a suspicion that last fall saw quite a few security loans put in the commercial loan column—and that some of these loans are now being put back where they belong.

The increased volume of securities outstanding, following the heavy outpouring of issues last fall, has also had an effect on the total of security loans. The banks must lend their funds somewhere. Commercial loans are dropping off. Gold imports so far this year have reached about $175 millions. So the banks have a good deal of money to put out at a profit.

Public Construction Active While Other Building Lags

Residential Contracts Far Behind Past Records, But Some Observers Look for a Summer Pickup

APRIL records of construction are confusing and inconclusive as regards the probable trend of building during the next few months. April is usually the peak month in letting of building contracts, and it is unlikely that later months will make a better showing, unless the customary seasonal distribution of building activity is to be materially changed this year. All that can be said positively about the current situation is that residential building, though somewhat better than in March, still lags further behind last year than any other type of construction; and that the only kind of construction that is really active is that which is being done with public money, or money that can be borrowed by security flotations.

The F. W. Dodge Corporation figures, the most comprehensive and consistent building records we have, show an increase of almost 6% in total contracts for April as compared with March, and the largest amount of construction contract awards since last August; but this April was nearly 25% below last April and the smallest April for all years since 1925.

Residential building accounted for only a quarter of the total, and, though 21.3% above March, was 52% below last April. The amount of residential building was larger than in any month since last October but below the amount in all Aprils from 1925 by from 52% to 55%.

Industrial Building Off

Other types of private building made a worse showing. Commercial building was 5% below March, over 6% below last April, and the lowest for the month since 1925. Industrial building declined over 48% for the month, fell over 44% below last year, and was also lowest for the month since 1925.

Among the classes of construction using public money, hospitals and institutions, and social and recreational structures showed notable increases for the month and for the year. But, strangely enough, the Dodge figures for the classification of other "public buildings" show a decline of over 37% for the month and over 54% for the year. This is in contrast to the *Engineering News-Record's* compilation of heavy construction awards, which shows increases for the month and the year in public building.

Contrasting Reports

Public works and utilities—partly private and partly public— show an increase of 42% for the month but a slight decrease for the year, according to F. W. Dodge figures. In the *Engineering News-Record* figures the public works and utilities classification shows just the opposite situation—a decrease of over 38% for the month and a slight increase for the year. Since the Dodge figures show an amount of public work and utility construction above every April since 1925 by large percentages, and the largest total of this class of work since last June, it is safe to say that this type of construction is fairly active and reflects the stimulating efforts of the Administration.

Another indication of activity in this line of construction is the fact that contracts for highway building awarded in 35 states during the first quarter were nearly double those of the corresponding period of 1929.

Since prevailing money market conditions are favorable for public borrowing, it should be possible to sustain this type of construction activity throughout the summer at a fairly high level. The outlook for private building work, however, is not so good. Nevertheless, there is some slight optimism in the April reports by S. W. Straus & Company of building permits issued in 584 leading cities and towns. These building permit figures probably represent residential building projects more than other types of heavy private or public construction. They show a gain of 12% over March in contrast to a normal decline between March and April of about 3.5%. Straus thinks the outlook somewhat encouraging.

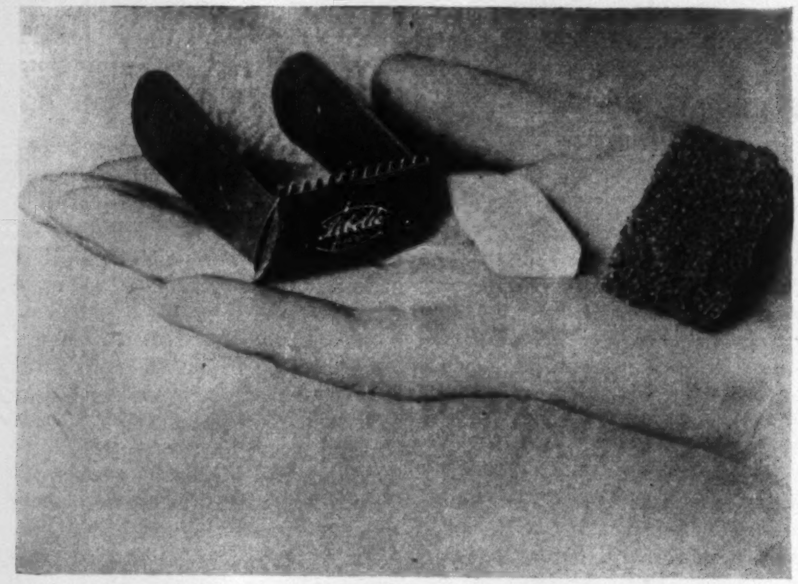
Farm Implement Sales Now Running Higher

FARM implement sales are running much higher for the first quarter of this year than during 1929. Whether this increase, reported by the Department of Commerce, will continue for the second and third quarters can not be predicted until July, when the orders for harvesting machinery appear.

International News

THEY LAUNCHED THE "WHIRLWIND"

Paul Hammond (left) Madison Avenue real estate man, Captain John Muir (center), and Landon K. Thorne, president of Bonbright & Co., prominent utilities figure, watch their new cup defender slide down the ways



ANOTHER SLOT-MACHINE SPECIAL

A Viennese inventor has perfected a razor which can be sold by "robots." Complete with soap and sponge, it weighs one-half ounce, costs four cents

Clouds Over Mortgage Market Begin to Show Silver Linings

Funds Are Still Scarce and Lenders Timorous, But Builders See Readjustment Period Near End

BUILDING is still hampered by a shortage of mortgage funds, though conditions are somewhat better than earlier this year, particularly in New York City and adjacent territory. As has been the case for many months, residential construction feels the shortage most. Labor is plentiful, materials are fairly cheap, but money is not forthcoming.

Frozen assets, extreme conservatism on the part of lenders, and a bond market which leaves much to be desired are the key factors to the situation. That there is a strong interest in building is shown by the number of loan applications received by lenders on mortgage. But lenders are ruling out many requests and say that a larger percentage than usual is definitely undesirable.

Many Loans "Frozen"

Many loans are "frozen" because lenders, not wishing to take over property at this time, continue to renew rather than to foreclose. This decreases considerably the fluidity of long-term funds. Foreclosures are numerous, though—much more so than generally is believed. Many foreclosures escape notice because the borrower simply deeds the property back to the lender or mortgagor and continues to lease it, leaving those outside none the wiser.

The conservatism of lenders manifests itself in two ways. (1) Prime mortgages on property in metropolitan areas, the best slice of the mortgage business, are in demand, leaving suburban and rural mortgages to higher rates and charges; (2) Lower percentages of appraised value are being loaned.

Bond Market Weak

Large real estate financing projects suffer from the fact that the bond market continues soft. The sharp rise which occurred in the first half of March was not sustained and bond prices have fallen off irregularly and discouragingly. The recently renewed decline in money rates and discount rates stirred up some fresh enthusiasm, helped along by cheer-leaders for interests desiring successful flotation of reparation bonds. But the rapid closing of the books on recent issues should not be misinterpreted: dealers hold large batches of some of these issues still undistributed on their shelves.

Beyond the first mortgage lies the second, and its status, so important to the home-builder and owner, is sad, indeed. Funds can be obtained—but only at a price. That price is a very high interest rate plus a substantial bonus—often so substantial as to be prohibitive. The seldom-used third or even fourth mortgage is "seldomer" than ever.

Shading Rates

At that, the easing, noticeable at some points, is spreading out, say real estate men, mortgage dealers, and others interested. The supply of funds is growing a little larger and there is a little shading of rates on the highest class loans. With short-term funds low and going lower, further betterment is expected.

The builders, the real estate men, and the borrowers are now confidently pinning their hopes to the prospects for next fall, or, at the latest, next year. Some of the bigger dealers, looking at the broad economics of the situation, say the present readjustment was needed as badly here as in the stock market: lending was too free and many sections were being overbuilt last year.

A better spirit already is becoming evident with the slight pickup. Lenders, once ready to advance money on anything to anybody, are now going to the opposite extreme, may be expected to get back to a middle course within a few months. With an improvement in conditions, many of the frozen loans will be paid off, wholly or in part. This will release funds much needed for new enterprises.

Situation Improving

Such conservatism on the part of lenders as has been due to outside influences on their financial positions is certain to weaken. The three chief lenders on mortgage are life insurance companies, building and loan associations, and savings banks. All of these agencies have suffered from withdrawals and policy loans, but are now seeing a considerable letup in demands of this kind; all three are accumulating new funds. New sales of life insurance are in large volume, savings deposits are increasing (*The Business Week,* May 7), building and loan conditions are spottily better (*The Business Week,* April 16).

Incidentally, an easing of mortgage money rates may eventually, if not very soon, result in lower interest rates to depositors in lending institutions. Short-term funds already are very easy. Banks are able to maintain high rates to depositors only by virtue of high returns from mortgages.

Cheaper Cars Lead in Pick-up; Total Sales 25% Ahead of 1928

AUTOMOTIVE activities continue to improve with low-price cars—Ford and Chevrolet, in particular—leading the way. April output is estimated at 460,000 cars and trucks. While this is well below last year's all-time record output of 663,811 vehicles, it is 6% above April production in 1928 and compares favorably with previous April figures.

Sales continue to hold up even better than production. First quarter sales of cars totaled 690,500, which is 17% below first quarter sales in 1929 but 25% above 1928 and 13% above 1927. March sales of 299,000 cars are about 20% below 1929; the few figures available for April indicate the same ratio.

Ford and Chevrolet together have supplied about 65% of all cars sold this year. Five other low-priced cars—Essex, Pontiac, Plymouth, Willys and Whippet—have furnished another 10%, leaving but 25% of total sales for all other makes. Ford is the only car which has been sold in substantially greater numbers this year than in 1929. During March, Erskine, Marmon-Roosevelt and Pierce-Arrow made small gains over 1929; Chrysler Motors shipped more cars in April than in either March or April last year.

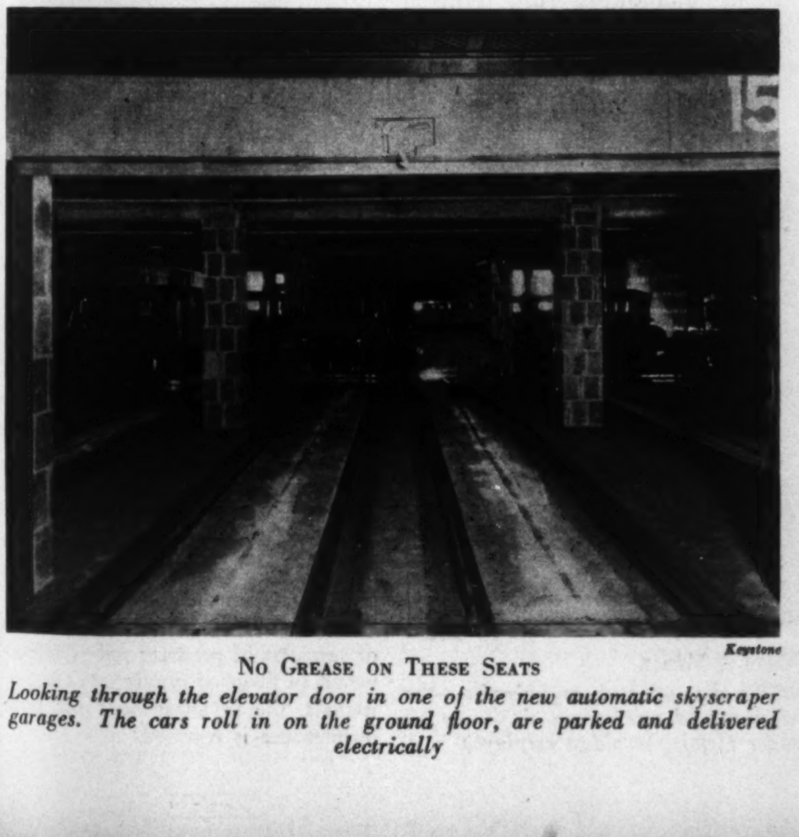
Ford turned out 206,000 vehicles in April. Based on a 5-day week this means an average daily output of 9,370 which is a record for Model A production and produced the second largest month in Ford history, just 4,000 cars below October, 1925, when 210,000 Model Ts were built. In April, last year, Ford shipped 191,000.

During April, Chrysler shipped 37,500 cars and trucks, 4,000 more than in March. First 4 months shipments of Buick-Marquette were 34,500, compared with 52,300 last year; Hupp 4 months shipments were 10,700—18,300 last year; Graham shipped 18,400 from January to April 1930, 36,800 in the same period of 1929; Reo 1930 total to date is 10,100, in the first 4 months of 1929 was 15,900. Olds shipments in April only were 9,400 compared with 7,700 in March and 15,700 in April last year. Cadillac shipments in April were reported 57% ahead of March and included 576 16-cylinder models.

Facts and Figures Bring Motor Era Up to Date

MOST of the automobiles in the United States are owned by people living outside the cities, over half in communities of less than 10,000 population, 5 million on farms. Cars run by salesmen average 6½ cents per mile, if they are the usual 5-passenger size. Cars now in use have an average life expectation of 6¾ years. In 1929, 2,800,000 motor vehicles replaced those going out of service. In that year motor vehicle taxes totaled $930 millions. To serve the nation's motor fleet there were, in 1929, 660,000 miles of surfaced highways and their use is sadly upsetting established methods of marketing and bringing about great changes in the entire distribution system of the country.

Thus he may read who drives by propping on the wheel a copy of the 1930 edition of *Facts and Figures*, just issued by the National Automobile Chamber of Commerce.



Keystone

NO GREASE ON THESE SEATS

Looking through the elevator door in one of the new automatic skyscraper garages. The cars roll in on the ground floor, are parked and delivered electrically

First Aid for Fire Victims

ON the day (May 6) when the lead story in every New England newspaper was the holocaust in Nashua, New Hampshire, appeared the following advertisement in the Boston *Traveler*:

> TO NASHUA N. H.
> FIRE SUFFERERS
> WE EXTEND OUR
> SINCEREST SYMPATHY
>
> TO THOSE OF OUR CUSTOMERS WHO SUFFERED LOSSES WE OFFER A RECEIPT IN FULL FOR THE BALANCE DUE US ON ANY FURNITURE OR OTHER HOUSEHOLD EFFECTS DESTROYED IN THE FIRE.
>
> THE C. E. OSGOOD CO.
> 744 Washington St., Boston

And Nashua fire sufferers probably were not at all interested in what cynics had to say about this being "good business" for the retailer who inserted it.

Walnut Doesn't Want To Go Rococo Again

WALNUT manufacturers are provoked. They have spent 12 years building up the market for refined walnut products, have succeeded in increasing the use of this wood nearly 2000%. They claim now that the radio cabinet manufacturers are demoralizing their trade with cheap patterns and much jimcrackery, which will enjoy brief popularity. Back of it all is the recollection of the early machine-made walnut furniture. Because it was over-designed, unattractive, it was short-lived. The public carried its distaste to the wood. Discouraged members of the advertising committee of the American Walnut Manufacturers' Association believe the process is bound to repeat itself if something is not done.

Commercial Bribery Bills Leave Definition to Court

SEN. JOSEPH T. ROBINSON of Arkansas has introduced a bill condemning commercial bribery as unlawful and imposing heavy penalties for violation. An identical bill is now before the House Committee on the Judiciary.

In its Trade Practice Conference rules the Federal Trade Commission has declared commercial bribery to be unfair competition, but it has qualified its definition of commercial bribery to "secret" gifts to employees "without the knowledge or consent of their employers or principals" as an inducement to influence the buying decisions of the company.

The pending bills carry no definition of commercial bribery; if they are passed, the courts will have to write one in their decisions on cases brought before them.

10,000 Grocery Stores Now Shift to "Cash-and-Carry"

INDEPENDENT GROCERS ALLIANCE, 10,000 members, largest of its kind, is shifting stores over to a cash-and-carry, self-service basis, at the rate of 100 stores a week. Two thousand have already made the change.

Five main reasons for it are given by W. K. Hunter, vice-president of operations: (1) It is a cheaper method of merchandising; (2) Contrary to what many think, the average order is larger; (3) The percentage of profitable merchandise in the order is larger; (4) It pleases customers: they like to examine the shelves and select goods personally.

"And the fifth," Mr. Hunter states, "is the really big one. In a service store, as volume increases, expenses increase even more rapidly. In a self-service store, as volume increases, expense percentage declines. Thus instead of added business meaning a loss, added gross profit is largely net. Nine out of 10 service stores are losing money. Eight of them don't know it."

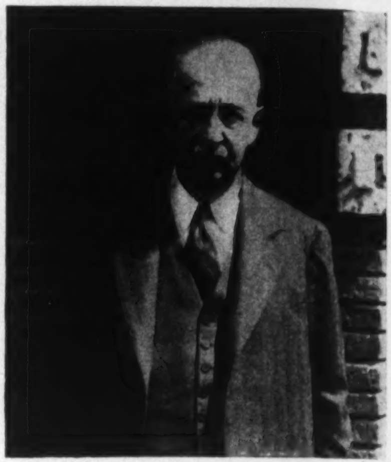
Two and one half million direct mail circulars are sent out by members of I. G. A. every other week. Headquarters recommend that they be addressed to "Mrs. Housewife," street and number. Street numbers do not change though families move or houses are demolished and new ones built. This practice reduces the necessity and expense of making continual changes in customer lists. American Telephone & Telegraph Co. reports from its telephone removal records that one family in eight moves each year.

Department Stores Curtail Buying Under New Policy

DEPARTMENT store purchasing has been greatly curtailed during the past month. One of the largest groups is reported to have cut its purchases to 40% of last year's for the same season.

The cut is partly to get inventories in line with current sales, partly in response to a current desire to eliminate slow-moving or loss-producing items.

Manufacturers' salesmen ascribe the new policies to a new department store official—the "merchandise manager," who is assuming an increasing influence in coordinating buying and selling. In department stores in which merchandise managers have been installed in general charge of groups of departments, the buyers have been made to report to them.


Acme

KING C. GILLETTE

The safety razor manufacturer, just returned from the Orient, is pictured in front of the Imperial Hotel in Tokio. He found the Japanese women using knives instead of razors

Keystone

MR. KETCHUM GETS A MEDAL

The president of the world's largest employee-owned organization—the Graybar Electric Co.—is presented with the gold service pin signifying 30 years' service by A. Oberlander (left), the oldest employee

Gillette Suggests Resale Price on Its Razor Blades

GILLETTE SAFETY RAZOR COMPANY has sent a circular letter to about 125,000 retailers suggesting the minimum resale price for its safety razor blades. It states that the company has no legal right to set the retail price and no desire to be assured of the maintenance of minimum prices. But it suggests 89 cents for the dollar package of 10 blades and 45 cents for the 50-cent package of 5 blades as the lowest prices "at which dealers can obtain a fair margin of profit" and adds, "They ought not to be sold for less."

A similar circular carries assurance to jobbers that there will be no reduction in prices during 1930, and suggests wholesaling prices on cartons.

Those who take sides on the question of resale price maintenance are watching this experiment to see what it does to the theory that, if you can rid the trade of suspicion of producer price discrimination in favor of certain retail organizations, the principal need for price maintenance is removed.

Power Consumption Shows Manufacturing Held Level

JUDGING by electrical energy consumed, general manufacturing activity in the country as a whole during April remained at substantially the same level as during March, but was 11.9% under April last year. Reports received by the *Electrical World* from some 3,800 manufacturing plants scattered throughout the country lead to this conclusion. The rate of operations usually tends to decline during April as compared with March, but it apparently failed to do so this year. The average rate of general manufacturing during the first third of the year was 10.9% under the same four-month period in 1929.

It was the Western states that saved the nation's average.

Every section of the country, except the Western states, witnessed a decline in operations during April as compared with March, and every section was operating on a level under April last year. Materially increased Western operations in the food products and lumber products industries during April brought the level of Western general manufacturing operations some 12.8% above March and offset declines in other sections.

Several industrial groups show decided upward tendencies. The leather products industry reported a 12.9% increase over March, followed by shipbuilding with a gain of 10.5%; stone, clay, and glass 10.2%; lumber products 9.7%; automobiles, including parts, 3.7%; textiles 2.7%; chemical products 2.0%; and rolling mills and steel plants 1.1%. Chemical products, leather products, and shipbuilding are the only industries operating on a plane above April last year.

Cotton Goods Surplus Worries Japan, Too

JAPAN'S cotton industry, in much the same condition of over-production as that of the United States, is meeting strong criticism because of attempts to limit production by shutting down spindles, thus throwing employees out of work, instead of cutting hours.

Night labor of women and children was banned July 1, 1929. In anticipation of that event, the number of spindles was increased but the Japanese Cotton Spinners Association agreed to reduce production by 23% until the ban went into effect. To aid further in mitigating the effects of the sudden drop in production resulting from the elimination of night work, the Bureau of Social Affairs provided that young persons and women could work until 11 p.m., although the Factory Act forbids their employment between 10 p.m. and 5 a.m.

However, after night work had been abolished overproduction remained because of sharp drops in demand. So a new limitation scheme, agreed upon last January, permitted members either to give more holidays per month or to close down spindles. Most mills adopted the latter course and 20,000 employees were thrown out of work. Meanwhile, women and children are still working the extra hour of overtime.

Trade unions and the general public are much opposed to the arrangement.

New York's Police Find Shoplifting on Increase

SHOPLIFTING in New York City stores is on the increase, according to the annual report of the police department issued May 12. During 1929, 1184 women and 239 men were arrested in New York City for shoplifting, as against 943 women and 221 men 5 years ago. The evil has apparently kept pace with the rapid increase in the number of midtown shoppers.

However, shoplifting by the big-time professional was cut to about 2% of the year's total offenses.

But petit larceny is not at the present time covered by the Baumes Laws, so the small shoplifter's fifteenth misdemeanor receives no heavier sentence than the first. Moreover, under the present law, such shoplifters cannot be fingerprinted or photographed. Police authorities say that bringing shoplifting under the Baumes Law would aid immeasurably in wiping out the entire evil, as it has already eradicated the professional.

Over 80% of shoplifting is done by women, most of them between 17 and 23 years of age. The police department says that kleptomania is practically nonexistent; that shoplifters seldom come from the poorer classes, usually from fairly good homes; that only about 2% of them are foreign born; that there is no perceptible correlation between shoplifting and unemployment.

"Cover merchandise in stores and provide adequate private detective service," recommend police officials. And since a large percentage of "jobs" are by employees, be careful in hiring.

THE NEW TRADING FLOOR OF THE CHICAGO BOARD OF TRADE

In the center is the big new wheat pit, made of steel, covered with teak, and lined with rubber. To the left, beyond, the new corn pit; other pits are for oats, rye, provisions, and cotton futures. Electric quotation boards line three sides. Walls, 57 feet high, are sound-deadened to prevent echoing

Strength of Our Foreign Trade More Striking Than Its Decline

Some Lines of Exports Show Surprising Resistance To Effect of World-Wide Business Recession

OUR foreign trade records so far this year are about what might be expected under the circumstances. They show clearly the effects of a world-wide recession in business and decline in price levels. In that respect they run true to form, without evidence of special immunity or Providence for the United States. At the same time, they are not abnormally bad, and in some lines they show a persistent strength which has been characteristic of American foreign trade for some years.

March Shows Strength

Our exports in March were the lowest for the month since 1926 and our imports lowest for the month since 1922. Yet both exports and imports showed an increase over February, somewhat—though not markedly—smaller than has been usual during the past few years. In the last preceding business recession, running into the spring of 1928, the seasonal increase was somewhat larger, but in the two preceding slumps, of 1924 and 1921, there were actual decreases in exports between these two months.

Taking the first quarter as a whole, our exports were less than in the corresponding period of any of the three preceding years. All of the main classifications of exports were lower in March and for the quarter than in 1929. The greatest decline below last year for the quarter was in crude foodstuffs, 46.5%, and the least in finished manufactures, 17.3%. In fact, although exports of finished manufactures were lower than last year for this first quarter they were over 17% larger than in 1927 and 10% larger than in 1928.

Raw Cotton Suffers

The chief sufferer in our export trade as compared with the past two years was raw cotton, exports of which were 18% less than in 1929 and less than in the same quarter of any other year since 1922. Fats and oils and lard also fell off largely, as did fruits and nuts, saw mill products, leather, furs, barley and malt, oil cake and meal, tobacco manufactures, and dairy products. Wheat exports, however, were larger for the quarter than in the past two years. Outside of farm and animal products, the chief decline was in copper and copper products, exports of which were slightly more than half as great as a year ago.

Automobiles Hard Hit

Among the highly finished manufactured products the most notable falling off was in automobiles, parts and accessories, which were also cut nearly in half. Iron and steel exports were somewhat lower and cotton manufactures considerably lower.

This decline in automobile exports is the conspicuous exception to the continued strength of our characteristic export lines. All other groups of machinery combined were higher than in the past two years. Agricultural machinery exports notably were above last year and almost double those of 1928. Our petroleum and petroleum products exports also showed increases over the three preceding years, as did most lines of chemicals.

The falling off in our foreign trade during the first quarter as compared with last year was fairly general for all parts of the world. Our exports to all the major geographic divisions showed a decline and this was true of all countries except three—Soviet Russia, Mexico, and New Zealand. Of the three countries to which our exports increased, Soviet Russia showed the greatest gain. Her purchases from us during this first quarter were $44,160,000 as compared with $12,248,000 in the same period last year.

American Firms Take Part In World Fur Exposition

LEIPZIG, cross roads of world trade long before Columbus ventured to sail the Atlantic, has instituted a new fair, the first International Fur and Hunting Exposition, May 31 to Sept. 30.

During the week beginning June 22, thirty nations will send representatives to the exposition and to the First International Fur Congress. Prominent furriers in Chicago, St. Louis, Detroit, Minneapolis, and New York will attend; the American Fur Dressers and Dyers Association will be specially represented; the government will arrange a large exhibit; the "last word" in hunting equipment will be on display at the exposition.

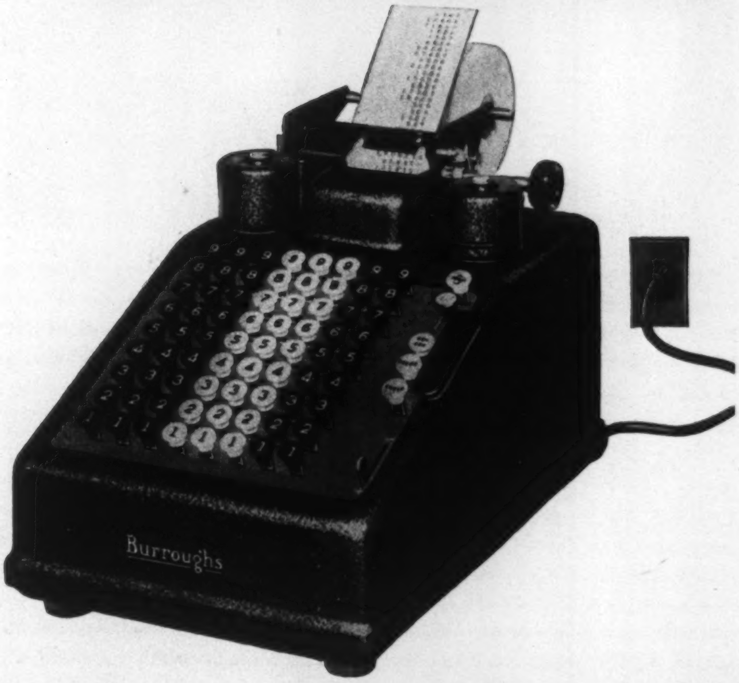
The United States is the largest fur-producing country as well as the largest consumer of peltries. Approximately $65 millions of American skins are marketed annually.

Underwood & Underwood

RIGHT OFF THE BOAT

Uncrating a Caterpillar tractor and hopper hoist in the Khaur district. American machinery has played a big part in the development of the Indian oil fields

Burroughs Electric Portable



Adding-subtracting machine illustrated, $175 delivered U. S. A.; $205 in Canada. Other electrics as low as $130; hand models as low as $80

Fast . . . Compact . . . Economical

FAST . . . because a light depression of motor bar actuates the motor, which instantly completes the operation. Total key also actuates the motor.

COMPACT . . . because the motor is built directly into the mechanism without increasing the size of the case, or affecting the portability of the machine. It is therefore ideal for both desk and counter use.

Light in weight and easy to carry from desk to desk

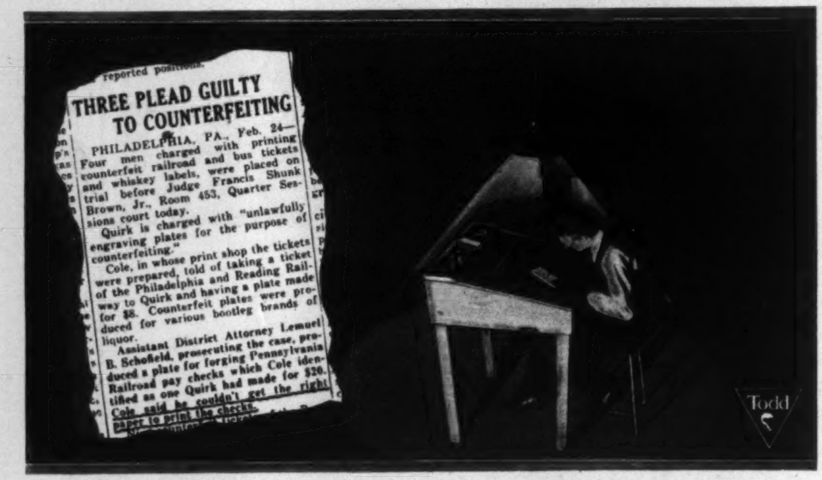
ECONOMICAL . . . because the greater speed and ease of electrical operation minimize operator fatigue, and result in increased production.

For a demonstration of the Burroughs Portable best suited to your requirements, call the local Burroughs office, or write—

BURROUGHS ADDING MACHINE COMPANY
6165 SECOND BOULEVARD, DETROIT, MICHIGAN

BACKED BY WORLDWIDE BURROUGHS SERVICE

HE COULDN'T GET GREENBAC CHECK PAPER AND NO CROOK CAN!



reported positions.

THREE PLEAD GUILTY TO COUNTERFEITING

PHILADELPHIA, PA., Feb. 24—Four men charged with printing counterfeit railroad and bus tickets and whiskey labels, were placed on trial before Judge Francis Shunk Brown, Jr., Room 453, Quarter Sessions court today.

Quirk is charged with "unlawfully engraving plates for the purpose of counterfeiting."

Cole, in whose print shop the tickets were prepared, told of taking a ticket of the Philadelphia and Reading Railway to Quirk and having a plate made for $8. Counterfeit plates were produced for various bootleg brands of liquor.

Assistant District Attorney Lemuel B. Schofield, prosecuting the case, produced a plate for forging Pennsylvania Railroad pay checks which Cole identified as one Quirk had made for $20. Cole said he couldn't get the right paper to print the checks.

Todd

AN UNSCRUPULOUS engraver and a crooked printer combined to counterfeit railroad tickets, bus tickets and whiskey labels. With complete success. Plates were made to produce perfect imitations of Pennsylvania Railroad pay checks. But the printer *"couldn't get the right paper to print the checks."* Because all Pennsylvania Railroad pay checks are printed on Todd Greenbac Check Paper!

Greenbac will give *your* checks the very same protection. Throughout its production it is guarded like money and handled only by bonded employees. Every sheet is counted and registered and all scraps are burned under supervision. It is made up on individual order into completely lithographed or printed checks and delivered only to accredited bank depositors, under seal. No man, whether crook or honest citizen, can possibly secure Greenbac Check Paper in blank!

And it is quite as difficult to counterfeit it or alter it. Greenbac's intricate pattern, consisting of interlocking designs in several colors, defies duplication. And if eradicator is applied, innumerable impressions of the word "void" flash forth to cancel the check forever. So confident is The Todd Company of the security of its product, that a $10,000 guaranty bond is furnished free with every order!

You'll find Greenbac Checks as attractive and distinctive as they are secure. For full information and samples, address the local Todd Office, or mail the coupon below. The Todd Company. (Established 1899.) *Protectograph Division.* Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY, *Protectograph Division* 5-30
1124 University Avenue, Rochester, N. Y.
Please send me further information about Todd Greenbac Checks.

*Name*____________________

*Address*____________________

*Business*____________________

TODD SYSTEM OF CHECK PROTECTION

Tool-Makers for Fifty Years

THE WARNER & SWAZEY CO., Cleveland, is celebrating its 50th anniversary as a manufacturer of machine tools, astronomical and scientific instruments—30 years as a corporate enterprise, 20 years as an informal partnership between Worcester Reed Warner and Ambrose Swazey.

Of the same age, the two boys left their fathers' farms and first met as apprentices in the Exeter Machine Works, Exeter, N. H. After serving their apprenticeship they entered the Hartford, Conn. shop of Pratt & Whitney Co., as much the mother of famous machine tool men as Virginia was of presidents.

His Hobby Astronomy

In 1880 they went in business for themselves, in Cleveland. Their first shop was built on the site of the present plant. Mr. Warner's hobby was astronomy, so in 1881 they built a 9½-inch telescope so notable that they were thrust into this field willy-nilly. They built the 36-inch refracting telescope for Lick Observatory; the 40-inch Yerkes instrument—still the largest refracting telescope in existence; the 72-inch reflecting telescope for the Dominion Astrophysical Observatory of Canada; have been called upon to prepare designs for the 200-inch telescope projected for the Pacific Coast.

The business grew. Not so fast as it might, for Mr. Swazey said once: "If we double our production we must double our shop. Then Warner and I would no longer be cheerful on top of our job, but bowed down beneath its burdens." Increasing demands had to be met, however, and in 1900 The Warner & Swazey Co. was formed.

Veteran Employees

Among their present employees are two who have been with the company over 40 years; five over 35 years; 11 over 30 years—who were working for Warner and Swazey before there was a Warner & Swazey Co.; 27 have been faithful over 25 years; 58 over 20 years and a greatly increasing number of employees have service records of 15 and 10 years or more.

One of the two whose names head the Warner & Swazey service record was unable to join in the 50th anniversary celebration. Mr. Warner died last year, 83 years old, after 65 years of close association with his partner.

Used-Ship Problem Gets in Way Of Britain's New Tonnage Boom

THE shipbuilding boom to which *The Business Week* called attention recently (April 30, 1930) promises to be short-lived, so far as the leading shipbuilding country, Great Britain, is concerned. Builders are not enjoying the benefits of any such subsidies as the United States is providing, and the weight of idle shipping on the market is proving too heavy to stimulate much new building on a free competitive basis.

New Contracts Drop

The Shipbuilding Employers' Federation has just made public the results of a survey which shows that new contracts for ship construction during this first quarter have dropped off sharply. Although the tonnage actually under construction, 1,600,000 tons, is the highest in the last 8 or 9 years, most of this is being finished off and 69% of the shipbuilding firms did not receive a single order during January, 84% got none in February and 80% none in March.

Laid-up tonnage is nearing the million-ton mark, nearly three times what it was in January, and British shipping is confronted with what may be called the "used-ship" problem. The shipowners, builders, scrappers, and steel interests have been moving to have the Chamber of Shipping stop the sale of second-hand or laid-up tonnage to foreigners, and scrap the idle ships instead. Second-hand tonnage brings $25 to $30 a ton; as scrap, it is worth only $10 a ton.

Reminiscent of Used Cars

But if this gap could be partially bridged by shipowners' sacrificing part of their sale price and selling their used ships for scrap, the competition of these vessels in the hands of foreigners would be diminished, freight rates raised, new shipbuilding stimulated, and plenty of scrap steel made available for steelmakers. All this is reminiscent of the efforts of the National Automobile Chamber of Commerce in this country to hasten the obsolescence of cars by paying a sufficient bonus to dealers to induce them to scrap the used ones traded in.

The British Chamber of Shipping unfortunately has sat heavily on the proposal. It would be contrary, they said, to the traditional British principle of preserving an open market both for freights and ships, new and old. Nay more, they felt the willingness of foreigners to buy second-hand British ships was a standing testimonial to the superiority of the British merchant fleet, and should be fostered. In fact, most of the ships being built in England today are tankers for Norway, and if the United States were not heavily subsidizing its own shipyards and discriminating in mail subsidies against foreign built ships, Britain would be building the American merchant marine, too.

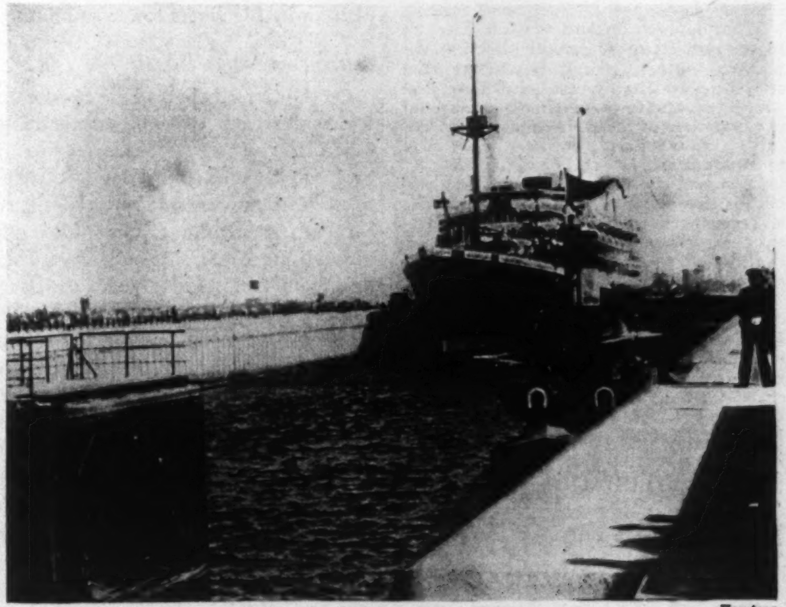
"Floating Palaces" Soon Become "White Elephants"

SHIPPING men have been recently watching the *Leviathan*, the *Olympic*, and many another famous liner leave port with relatively light lists in first-class, while the North German Lloyd Line's twin flyers, *Bremen* and *Europa* sail with standing room only. They have also been watching the development of a construction program which, in the last 3 years, has put into service 16 modern, palatial, transatlantic vessels, all carrying first-, second-, and third-class passengers; which is pushing work on 4 more such ships in addition to 2 large cabin-type liners to be brought out within the next few weeks. And they are wondering what they are going to do with the floating palaces of yesterday—the *Majestics, Leviathans, Berengarias* built a decade or more ago.

What they have to face is the fact that the passenger situation is rapidly approaching the "saturation point" and new ships are still pouring off the ways. Enough of them have been built or placed under construction since 1925 to provide ample accommodations for all of the nearly 200,000 first-class passengers who cross the Atlantic each year, and they are taking much-needed business in this class away from older vessels which, although themselves modern, reasonably fast, and offering a relative degree of luxury, suffer by comparison with the new ones.

The total number of first-class transatlantic passengers carried in 1925, according to United States Shipping Board figures, was 191,806; in 1928, 199,080. Second-class (with which is included the "cabin" class, meaning first- and second-class combined) showed a more substantial increase, from 263,362 to 289,681; while third-class (of which the new "tourist third" is becoming the most important type) jumped from 289,726 in 1925 to 472,544 passengers in 1928.

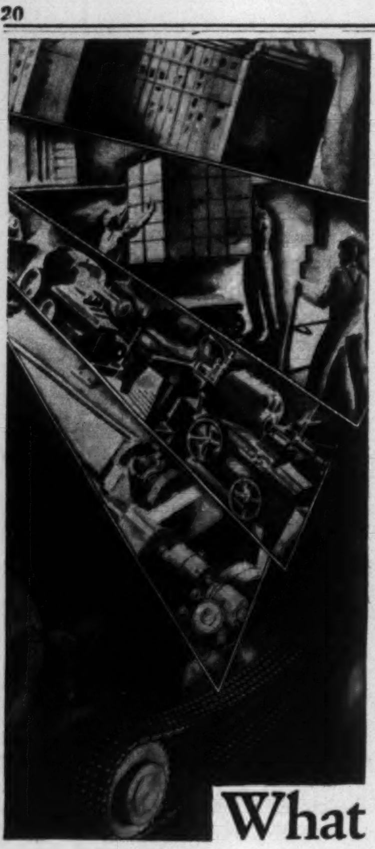
But the ships are coming faster than the passengers to fill them, each eclipsing its predecessors in size, splendor, speed, or a combination of the three—and each attracting business away from



Keystone

READY FOR LONGEST SHIPS

Bigger than the Panama canal locks, bigger than those at Holtenau near Bremen, the new lock at the entrance of the ship canal which connects Amsterdam with the sea is inaugurated by the Queen of the Netherlands. In the foreground, the sea gate is just opening to let the first ship through. This, the new motor mail-ship Johan van Oldenbarnevelt, carries the Queen



What depends on TRANSMISSION?

TRANSMISSION trouble again?—the motor or shaft from which the drive takes power is stilled; all the processes to which it transmits power are idle. Overhead mounts up, production tapers off, schedules are upset, deliveries affected. . .

What depends on transmission? Enough to warrant its most careful selection. In making your selection, remember that ruggedness resists adverse conditions; that simplicity, and fewness of parts, are a good preventative of friction and wear; that rolling contact parts also resist wear to the greatest extent.

Diamond High-Speed Roller Chain embodies the principle of rolling contacts; its construction permits the contact parts to be heat-treated for wear-resistance alone, the links to be processed for tensile strength alone; its construction is simple.

Machine builders and users in 112 major divisions of America's industry have found Diamond Roller Chain to be the ultimate in trouble-free and efficient transmission. It transmits 98-99% of power at 100% of speed . . . up to 3600 R.P.M. Send for Booklet 104, "*Simplifying and Improving Machine Design*"—describing this efficient drive.

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(A-808R)

the older vessels they outclass in the eyes of the specially captious first-class passenger.

Whether the ultimate result of the fight for business for the old-timers will be their conversion to cabin class or the offering of bargain rates in the off-season when the drain is most felt, is not yet apparent. One suggestion that is attracting some attention is that of Edward A. Filene, Boston department store head, that employers offer more vacation periods in fall and early winter and that steamship companies provide more facilities for low-rate European travel in these off-months.

A Ship Is One Thing, Inland Carrier Another

THE first burst of enthusiasm for complete inland transportation on the developing waterways system is simmering down to something more scientific than promotional propaganda. But recent talk of a new type of self-propelled barge to navigate both lake and rivers, and giving through freight service without reloading at Chicago, has brought out several objections.

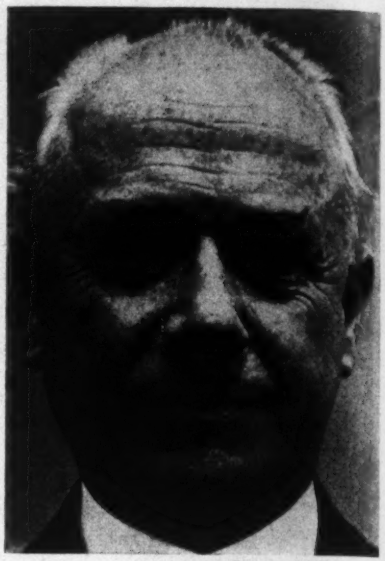
A ship is one thing, a river or canal carrier another, say engineers. The former, in an engineering sense, is a girder; the latter, a raft. The strength of a girder depends on relation of thickness to length. It has been found that for every 12½ feet of its length, a ship should have 1 foot of depth. This explains why big liners tower so high.

Compromise Is Possible

On the Great Lakes, where stresses are less violent, an 18 to 1 ratio suffices. On inland waterways, ratios up to 33 to 1 work satisfactorily. It is possible to make compromises. Barges designed for both canal and lake use now ply through the Erie Canal and across Lake Erie from Tonowanda, N. Y., to Cleveland. But they have given trouble. A number have been lost in Lake Erie.

Shipping engineers have made shrewd observations at lake ports. Inland waterway transportation is essentially bulk freight transportation and always will be. Merchandise or package freight makes up only 1% of total tonnage carried on the Great Lakes. Expense of loading, unloading, and reloading bulk freight is not nearly the item that many think it is.

The ideal transportation setup for the nation, suggested by these engineers, is this: bulk freight by water if possible; small lots, short hauls, largely by truck; all else by rail.



Underwood & Underwood

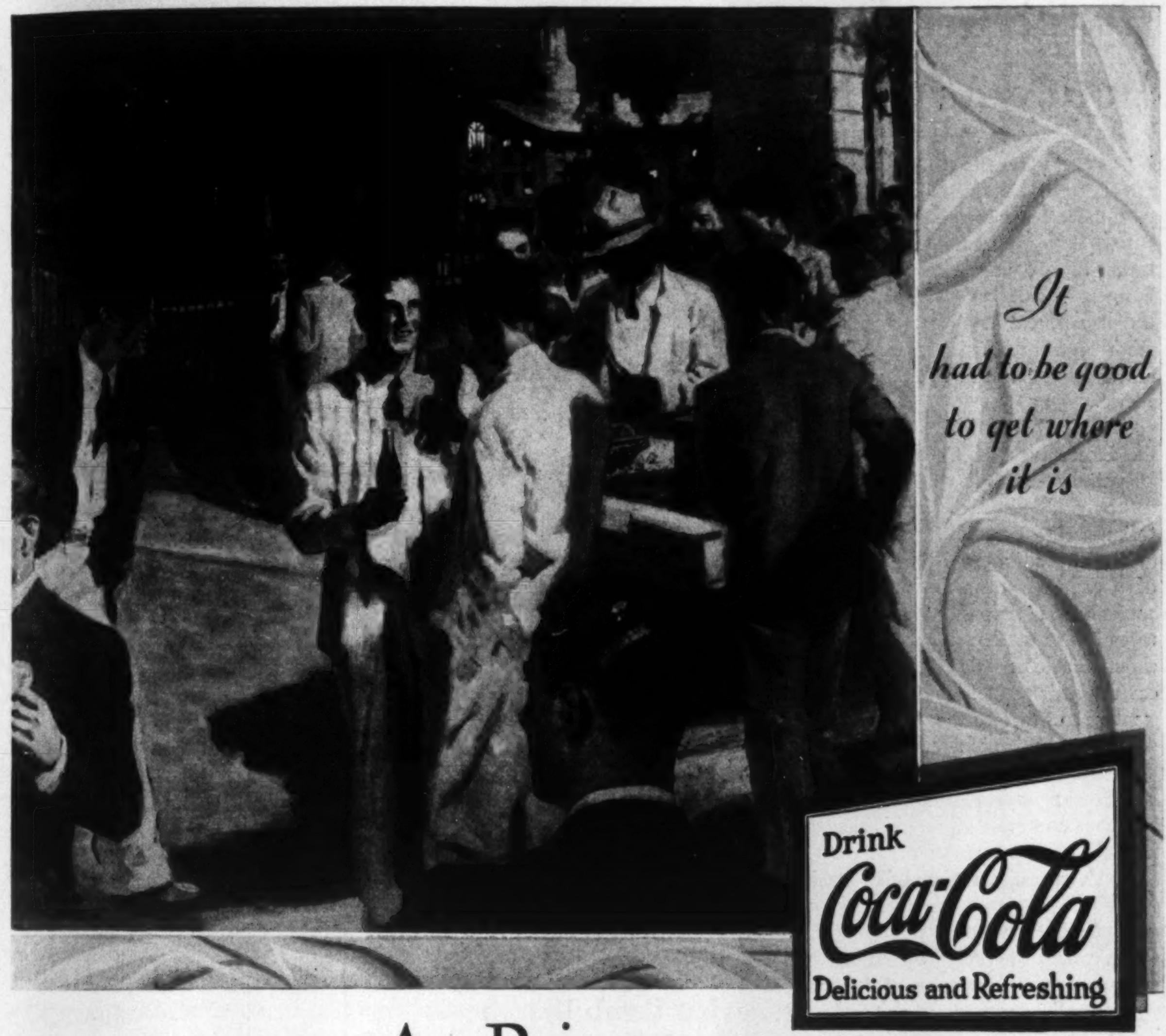
SIR FREDERICK WILLIAM LEWIS
The head of the Furness Withy Lines arrives on the Berengaria

The Ladies and the Shahs Buy the Fancy Cars

THAT $35,000 dream car for the Shah of Persia which attracted so much attention in New York a few weeks ago has now become a $100,000 vehicle—more fitting for His Royal Highness. Upon its arrival at its destination the Shah's royal jeweler replaced the imitation jewels, with which the snow-white Pierce-Arrow had been bedecked, with genuine gems.

Built as a parade vehicle for public ceremonies, the car is the last word in luxurious decoration. The exterior is made resplendent with 30 coats—count 'em—of white enamel; is relieved by strippings of gold and gold plate on fenders, headlamps, door latches, radiator, windshield frame, running boards and bumpers. A golden bas-relief of the Persian royal crown mounted with green jewels is emblazoned on the doors. The upholstery is done in champagne colored silk, with embroidered insignia.

Only slightly less ornate but considerably less expensive are the custom-built cars being purchased by American women. One has a car to match her jeweled cigarette case of purple with emerald green inlay. Another, wearing a grey ensemble with silver fox furs, ordered a car to match with artillery grey body, silver-striped; silver finished hood and radiator shell; grey wheels. A thoughtful daughter bought a car finished to provide the proper background for the complexion and dyed hair of her mother.



At Princeton they call it "Poler's Recess" —but it means *the pause that refreshes*

NIGHTS when everybody is studying for examinations, the 9-o'clock bell of Old Nassau signals "Poler's recess." Study stops, and for a few minutes the quiet campus breaks into noisy, happy activity. Favorite fountains on Nassau Street fill with groups —to relax in good fellowship, to *pause and refresh themselves* with ice-cold Coca-Cola. Then back to study with a fresh start.

Other nights throughout the year there's another traditional break in routine—visits to the "jiggerman" at the gate with his cart of bacon buns and ice-cold Coca-Cola. • • • Thus does the world outside learn from happy youth how to enjoy *the pause that refreshes*. That tingling, delicious taste and cool after-sense of refreshment make Coca-Cola the favorite drink everywhere.

THE BEST SERVED DRINK IN THE WORLD

A pure drink of natural flavors served ice-cold in its own glass and in its own bottle: The crystal-thin Coca-Cola glass that represents the best in soda fountain service. The distinctive Coca-Cola bottle you can always identify; it is sterilized, filled and sealed air-tight without the touch of human hands, insuring purity and wholesomeness. The Coca-Cola Co., Atlanta, Ga.

LISTEN IN—Grantland Rice—Famous Sports Champions—Coca-Cola Orchestra—Wednesday 10:30 to 11 p. m. Eastern Daylight Saving Time—Coast to Coast N B C Network.

NINE MILLION A DAY

Commerce Department States Policy As to Russian Trade

NUMEROUS reports to *The Business Week*, from manufacturers for the most part, have been contradictory and confusing as to the attitude of the Department of Commerce toward Russian business. Some industrialists said flatly the department had discouraged them from booking Russian orders. Others said they had been unable to get definite advice.

The Business Week therefore asked the Department of Commerce to state its policy. This it has done clearly and concisely. The authorized statement follows:

"1. The attitude of the Department of Commerce towards business with Soviet Russia is expressed in its endeavor to gather as much accurate information about the economic situation of the country as is possible under the circumstances, and to give the American business man the benefit of such information. The service rendered by the Department in connection with Russian business does not differ in character from the general trade promotion service applicable to business with other foreign countries. In view of the unusual character of the Russian economic regime, which makes it necessary to consider the general economic structure of the country as well as the particular industry involved in a specific inquiry, the Department finds it necessary to supplement the specific information with an opinion derived from its study of underlying economic factors.

"2. The Department's advice in cases involving the granting of credit to Soviet Russia is for the concern in question to place itself in the position of a banker and apply to the Soviet Government, as an economic entity, the traditional test of sound banking. This would involve, in addition to the credit record, an estimate of the country as a going concern, an analysis of the projects for which the credit is to be used, and an appraisal of the probable developments within the near future in so far as they are likely to affect the economic situation.

"3. The Department has no fixed opinion on the economic regime of Soviet Russia; the opinion expressed to American business men in connection with any specific credit transaction is influenced, not only by the available information regarding the current economic situation, but also by the financial resources of the concern involved and the character of the product.

"4. It is important to point out that some of the most valuable information in regard to the Russian economic situation is obtained by the Department from American business men and engineers with actual experience in Soviet Russia."

Soviets Comb Detroit For Skilled Labor

SOVIET RUSSIA is drawing more and more Michigan enterprises into its vast plan of rehabilitation. The Autostroy, "The Soviet Automobile Construction Bureau," has recruited 324 highly skilled mechanics, foremen, and engineers to direct the production of automobiles, trucks, and motorcycles in Russian plants. The plant layout work in Russia is being done by A. J. Brandt, formerly with the Oakland Motor Car Company, and now chief engineer of the American Austin Motor Company.

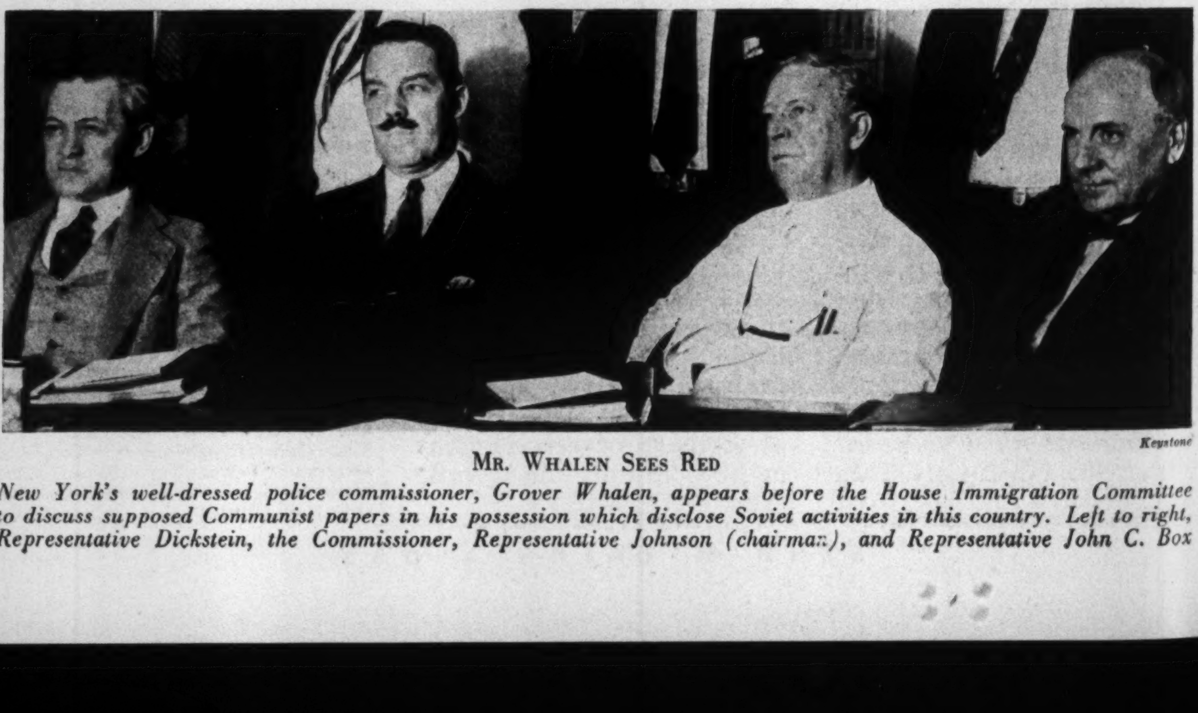
The Soviet Union is now operating in the City of Detroit two employment bureaus for the purpose of hiring skilled help for the Russian factories, one operated by the Autostroy and the other by the Chelabinsk Tractorstroy. The latter is a recent addition to the numerous Soviet projects, occupying an entire floor of Detroit's Union Trust Building. It is about to build a monster tractor plant in the City of Chelabinsk, Siberia, designed to produce large 100-ton tractor machines of the Caterpillar type. John Henkel, formerly employment manager of the Ford Motor Car Company, has been engaged as personnel director.

Close to 300 engineers, technical men and advisers of the Soviet government now in Detroit, are making that city headquarters of the automobile industries of Soviet Russia. Practically every industrial enterprise of consequence has been offered business. In most cases where contracts are offered, from 2 to 3 years' credit is asked.

Britain Liberalizes Its Export Credit Guarantees

By Special Cable to The Business Week

GREAT BRITAIN, more than the rest of the world, is concerned over the foreign trade situation. And not without reason. British exports in April totaled only £46,860,000, a drop of 25% from April, 1929. March exports reached



Keystone

MR. WHALEN SEES RED

New York's well-dressed police commissioner, Grover Whalen, appears before the House Immigration Committee to discuss supposed Communist papers in his possession which disclose Soviet activities in this country. Left to right, Representative Dickstein, the Commissioner, Representative Johnson (chairman), and Representative John C. Box

COST-CUTTING REACHES THE SHIPPING ROOM

ARE you satisfied with your crate as is? Or do you believe further savings can be effected? In either instance Weyerhaeuser can be of service to you.

In the first, we can offer the Weyerhaeuser resources for specialized manufacturing service — perhaps point the way to substantial saving. In the second, we can put at your disposal the modern Weyerhaeuser Laboratory Method of Analysis and Design.

Many crates now in use are soundly designed and properly assembled. Frequently, however, Weyerhaeuser Crating Engineers are able to suggest safe substitutions of lighter weight wood with immediately resultant lower cost.

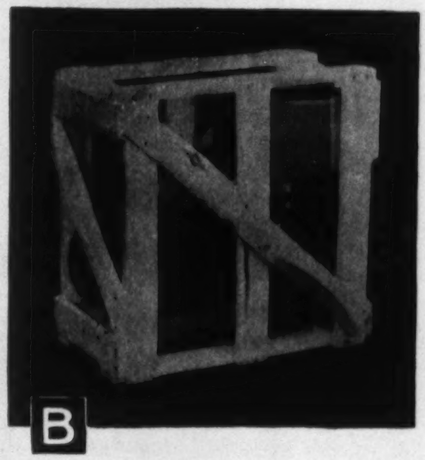
When investigation shows a need for change in design or assembly, the Weyerhaeuser Laboratory Method points the way. It shows you the minimum amount of lumber required and an accurate scheme of fast easy assembly.

The results are important: Adequate rigidity and strength for protection, greater efficiency, neater appearance, fewer damage claims and frequently a real reduction both in labor and shipping weight costs.

Our immense facilities for specialized manufacture and our extensive experience in meeting industrial requirements, are important factors in the accomplishment of these results. Let us give you estimates on your present requirements for cut-to-size crates. If, in addition, you desire our analysis of your crating costs, our district representative will be glad to arrange it.

CRATE HISTORY No. 1031

When Crate A was shipped to our Laboratory at Cloquet, we found it running high in cost because of its excessive weight due: (1st) to the use of an excess amount of lumber of unnecessary thickness; (2nd) to superfluous blocking. Furthermore, the bracing was ineffective.



Crate B was the result of Laboratory analysis and tests and shows a 40% saving in lumber and a 45% saving in weight — resulting in substantial reduction of costs. Thinner members, properly spaced and braced diagonally, gave greater rigidity and strength and being easier to assemble, lowered labor costs.

WEYERHAEUSER LABORATORY TESTED CRATES

This seal on your crates marks them as scientifically designed, laboratory tested — worthy of the product they protect.

For the manufacturer who is unable to take advantage of the economies of cut-to-size crates, Weyerhaeuser offers a variety of ideal Light Weight Crating Woods in standard grades and sizes. These woods are light weight, non-splitting and of ample strength to assure adequate protection, making possible unusual savings in both labor and freight costs.

Crating Sales Division

WEYERHAEUSER SALES COMPANY
307 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS

the rather better total of £53,946,000.

Further reports from the Board of Trade are as gloomy. Imports in April were £83,920,000. A year ago they ose to £104,168,093; in March this year they stood at £93,420,000.

Parliament is already busy on the problem. Slumping foreign trade in the first quarter, tied to disturbing unemployment increases, precipitated debates in the House of Commons early in April. Closest scrutiny centered on the Overseas Trade Division, narrowed finally to the Export Credits Guarantee Department. Final action has not yet been taken, but no opposition to present proposals is anticipated. Export credit guarantees are in future to be handled by a permanent executive committee; will be managed on a less conservative business basis. A total credit reserve will be voted annually by Parliament, the amount to vary as world economic conditions demand.

Represents All Business

The new executive committee to which control passes is representative of all business. Under the old arrangement, exporters complained that banking interests dominated all activities, were over-conservative. The new personnel includes only two bankers—Colonel Sidney Peel and John Caulcutt. Other members are W. R. Blair, director of the Wholesale Cooperative Society, and Sir Ernest Blain, Britain's aggressive insurance magnate.

Britain set up machinery to handle export credit guarantees in 1919. Results were bad for the first 5 years, but when the scheme was reorganized in 1926 it was on a sounder basis. Credit guarantees were carefully considered before being granted; varied from 60% to 75% of the face value of each of the consignments.

Short Term Credit

For the first 9 months guarantees were made up to £365,000. The next year the total jumped to £2,400,000; in 1929 to £4,283,000. For the fiscal year ending March 31, 1930, credit guarantees reached £5,661,000.

Credit is extended on a short-term basis, usually for a maximum of 6 months. Efforts of business to secure longer credits—at least up to 2 years—particularly to operate in trade relations with Russia, have not yet succeeded. Russia, however, shares all the privileges granted to other foreign markets under the present plan. Grants last year on exports to the Soviet totaled £1,305,000, all on short-term.

SERVICES RENDERED BY AWA PUBLIC MERCHANDISE WAREHOUSES
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CLERICAL AND ACCOUNTING
COOPERAGE MARKING REPACKING
INSURANCE WATCHMAN SERVICE
OVER SHORT AND DAMAGE REPORTS
RECEIVE CARLOAD AND LESS-THAN-CARLOAD FREIGHT INCOMING
HANDLE CARLOAD AND LESS-THAN-CARLOAD SHIPMENTS OUTGOING
INCOMING AND OUTGOING TRUCKING
SUBURBAN AND CITY DELIVERY
POOL CAR CONSOLIDATED SHIPMENTS
INFORMATION RATES AND ADVICE ON RAILWAY, STEAMSHIP, AIR TRANSPORT AND MOTOR TRUCK FREIGHT SERVICE
NEGOTIABLE AND NON-NEGOTIABLE RECEIPTS
ADVANCES ON MERCHANDISE
FINANCING THROUGH "FIELD WAREHOUSING"
CREDIT INFORMATION
LOW INSURANCE RATES
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It tells how to increase sales and reduce costs. The facts it presents may revolutionize your methods of distribution.

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Send us your merchandise... put your sales force to work in our cities . . . and we'll do everything your own branch house could do in the physical distribution of your goods!

The A. W. A. Plan is a long-established, highly successful method of distribution . . . used for years by nationally known makers of foods, drugs, hardware, textiles and other commodities. This plan is now attracting the attention of manufacturers and distributors everywhere because of its proved soundness and very real economy.

This year of intense competition, 1930, has made the problems of distribution the chief concern of American business. Alert manufacturers are weighing the advantages and the costs of their established distribution machinery . . . seeking new sales outlets . . . improving their wholesale and jobbing connections . . . experimenting with direct selling.

At such a time, the A.W.A. plan of distribution offers new possibilities to every progressive manufacturer or distributor of goods—whether he sells direct or through jobbers. We receive merchandise in carload or less-than-carload lots . . . store it as long as you wish . . . distribute it when and where you instruct us. Thus you can achieve strategic "spot stock" distribution throughout the United States, Canada, Cuba, Hawaii . . . and be able to deliver your goods quicker at less cost.

Full details of our plan are described in a 32-page booklet recently published. Its title is: *"Increasing Your Sales Through the use of A. W. A. Public Merchandise Warehouses."* We'd be glad to send you a copy, free, and without obligation. Just address the

OUR INTEGRITY IS YOUR SECURITY

Public Merchandise Warehouse Division
AMERICAN WAREHOUSEMEN'S ASS'N.
1738 Adams-Franklin Building, Chicago, Illinois

Railroads Expect B. & O. Case To Decide Free Bus Question

INVESTIGATION by the Interstate Commerce Commission into Baltimore & Ohio's "trainside motor bus service" (free transportation from Jersey City terminal to points in greater New York), a service which startled the railroad world when introduced by Daniel Willard in 1926, threatens to open up the whole question of this type of bus operation by railroads. Filing of tariffs with the I. C. C. by the Pennsylvania, with stated intention of establishing a service similar to B. & O's, is the immediate cause for the investigation.

Whether the Pennsylvania actually desires to operate bus transfer service, or whether its latest move is an attempt to get a ruling that will restrain the B. & O., is cause for speculation in rail circles. The B. & O. operation, in lieu of a New York rail terminal, is said to be highly satisfactory to the road's officials, with 475,000 persons carried to and from greater New York last year—an average of 65 per train.

Other New York terminal roads have jumped ito the fray—New York Central, Erie, and Delaware, Lackawanna & Western—and have filed protests to the Pennsylvania tariffs asserting that they, too, would be forced into the bus transfer business.

With the prospect of an I. C. C investigation, the matter takes on a national aspect. Since the B. & O. pioneered in this step, other railroads have undertaken the same policy. To and from East Los Angeles, the Union Pacific provides bus service carrying passengers to nearby cities such as Pasadena and Glendale, connecting with trains to and from the East. The Atlantic Coast Line stops its through trains at North Charleston, S. C.; buses carry passengers to Charleston.

Air Lines Run Buses

Many air transport lines also, although not under jurisdiction of the commission, carry passengers by bus between airport and city. As in the case of railroads, these are recognized parts of the through service for which the passenger pays.

Daniel Willard and his B. & O. officials, when questioned on the propriety of rail services of this sort, point to the popular support which they enjoy. Since the B. & O. established its bus lines to up- and down-town New York, to Brooklyn and to Newark, its passenger traffic has increased substantially. Not only does it operate trains to Washington, but to Chicago and St. Louis, with through sleepers to such points as Memphis, Louisville, Cincinnati, Wheeling, and other places competitive with the Pennsylvania, New York Central, and other lines out of New York. If the competition had not become intensive, the present objections to it would not have become so pronounced, they declare.

The I. C. C. faces a decision more basic than that of permitting the Pennsylvania to operate a similar bus service; it must decide as to the actual propriety of auxiliary rail services to meet the competition of other kinds of transportation. The Pennsylvania has intimated the possibility of instituting its own bus service, no matter how this case may be decided, on the grounds that what one carrier can do, without definitive tariffs, another can also do.

23RD STREET ROUTE
058 666

A BALTIMORE & OHIO TRAIN-SIDE BUS

Passengers may catch trains in Jersey by taking these connecting buses at any of the several terminals in Manhattan. In operation since 1926, they have carried an average of 65 to and from each train at no extra charge

California Oil Men Agree to New Cut

CALIFORNIA oil operators apparently made some progress this week in voluntary curtailment of production, aided by a rumor that Pacific Coast crude prices would be raised when the industry reached an economic balance.

Operators at the flush fields of Santa Fe Springs agreed to cut output to 57% of the amount allotted to them by H. P. Grimm of the State Conservation Commission, who is acting as umpire in the curtailment effort. Daily flow will be cut from 128,540 barrels to 116,000. Production has been running from 25,000 to 30,000 barrels in excess of the allotment. All operators signed the agreement except George Getty, Inc. and the Wilshire group.

The latest state-wide curtailment program must get along without the co-operation of a large number of operators, many of whom feel that additional curtailment would result in too large a withdrawal from existing stocks.

Steel Strip at the Rate Of 26 Miles an Hour

HIGH-SPEED production of steel strip has reached its current climax at the new plant of Sharon Steel Hoop Co., Sharon, Pa., where strip is being rolled at a maximum speed of 2,400 feet per minute or about 26 miles per hour. It goes through the rolls so fast that one end of the strip is in the shipping room before the other end leaves the furnaces.

The mill is entirely electric in operation; contains General Electric equipment aggregating 45,000 hp. The roughing mill motor is rated at 4,500 hp.

THINK
CONSTRUCTIVELY
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RELEASE VALUABLE PRODUCTION SPACE

UTILIZE the idle ground surrounding your plant. With Anchor Fence Protection you can convert this vacant space into an outdoor storeroom—releasing much needed floor space indoors. Materials stored within an Anchor Chain Link Enclosure are safe from thieves and fire-makers.

At your request the local Anchor Fence representative will study the working conditions of your plant and from his training and experience plan a proper enclosure. Just phone the nearest of our seventy-five Anchor offices. Have the Anchor representative call. You can rely on his advice.

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Wide Reading

MASS DISTRIBUTION CHANGES ITS COURSE. *Food Industries,* May. Interview with Colby M. Chester, Jr., president, General Foods.

EUROPE SPEEDS UP AN AMERICAN IDEA. L. Urwick. *Factory and Industrial Management,* May. Manufacturers' associations to pool common problems have not spread at home. Europe likes the idea. Great Britain has 9, Holland and Switzerland 7 each, Germany and Austria 2 each, and Belgium 1.

MORE ABOUT "MERCHANDISE OF THE SAME DESCRIPTIVE QUALITIES." *Printers' Ink,* May 8. Clarification of trade-mark peculiarities by Court of Customs and Patent Appeals. Decision in Maxwell House, Sun-Maid, and Del Monte cases.

THE BRITISH FIND COOPERATION PAYS. Rolfe Baltzell. *Nation's Business,* May. Experience of Britain's International Cooperative Alliance which represents 55 million consumers and last year did a £5-billion business.

THIS SEARCH FOR MARKETS. Wallis Howe, Jr. *Publishers' Weekly,* May 3. An answer to the question: "Why do publishers concentrate their advertising in New York?"

GROWTH OF WORLD RUBBER CONSUMPTION. Harry Symington. *Automotive Industries,* May 3. Analysis of changing consumption in all markets; tables and charts.

THE NEW ROLE OF ALUMINUM, *Mechanical Engineering,* May. This high-priced metal is being used where lightness and strength outweigh cost.

CHILEAN TASK AND BONUS. P. H. Littlefield. *Factory and Industrial Management,* May. Suggestion to the plant manager who has compared the sustained speed of men on the production line with the leisurely progress of those assigned to odd jobs.

SURVEY OF ELECTRICAL ENERGY PRODUCTION, 1924-1929. *Electrical World,* May 3. Annual study of output and peak load of largest generating and distributing systems in North America.

BOOKS

THE FEDERAL RESERVE SYSTEM. Paul M. Warburg. Macmillan, 2 vol., $12. Authoritative, comprehensive, highly readable. Considerable original information.

THE MARKET DATA BOOK FOR 1930. G. D. Crain, Jr., 293 pp. Brief annual statistical survey of each industry with list of magazines in that field and complete data regarding publications: advertising rates, circulation, mechanical requirements and closing dates.

METAL STATISTICS—1930. Luty and Langor. American Metal Market, 560 pp., $2. Twenty-third annual edition with ferrous and non-ferrous statistics.

FINANCIAL ADVERTISING IN 1929. Richard F. Durham. Bankers Publishing Company, 213 pp., $10. Cross-section of financial advertising pictured in 100 representative advertisements.

JAPAN 1929-1930. Osaka Mianichi Publishing Company, 162 pp. All that's happened in Japan; chapters on business valuable to exporters.

YOURSELF. David H. Colcord. Haskell & Oberlin, 75 pp., $1.80. Self analysis for a salesman.

Pacific & Atlantic

PORT OF THE PACIFIC FROM THE AIR

This picture of San Francisco was taken from 30 miles away with the new Army long distance camera. At the left is the Embarcadero, fringed with piers. The dark patch in the upper left is the business section. The haze just to the right of it is what is left of a cloud after the special red filters of the camera have shot through it

Pacific Coast Ports Battle For Foreign Trade Supremacy

National Conference in Los Angeles Will Survey Their Plans to Increase Commerce With Orient

TWO THOUSAND delegates will gather in Los Angeles May 21, 22, and 23 for the seventeenth annual conference of the National Foreign Trade Council. Only twice before has the council convened on the Pacific Coast; that it does so this year indicates the mounting importance of the Pacific in foreign trade.

Exports from Pacific ports in 1921 amounted to only $311 million; in 1928, they were $545 million. Every harbor, from Vancouver to San Diego, has shared in this growth; all are energetically reaching for more of it. A real battle for supremacy is in progress.

San Francisco, traditional leader among Coast ports, still maintains first place in value of foreign commerce, but ambitious Los Angeles, aided by huge shipments of bulk petroleum, has taken the lead in tonnage. Seattle surpasses all its rivals in value of imports, chiefly because it is 2 days nearer Japan than San Francisco and so gets the bulk of the raw silk shipments. Portland is the largest lumber shipping port in the United States; often stands first in wheat shipments; last year handled $10 million worth of raw silk imports.

In 1928, San Francisco's foreign imports were 1,028,026 tons, worth $220,950,637; exports 1,930,625 tons valued at $189,027,165. Oakland and other smaller ports swelled the commerce of the entire San Francisco Bay to 1,295,934 tons of imports, value $248,670,870; and 4,016,476 tons exported, value $272,800,355.

Quintuples in 10 Years

For Los Angeles, foreign imports for 1928 totalling 653,821 tons valued at $47,733,844, are contrasted with exports of 6,531,972 tons worth $130,772,496. Two things are significant about Los Angeles' trade: the port's business is now more than 5 times as great as it was in 1920, both in value and tonnage; and very few trans-shipments are handled.

Portland's foreign imports during 1928 were 140,671 tons valued at $15,040,029; exports 1,399,200 tons, $50,006,715. Seattle imported 471,096 tons, $256,942,192; exported 721,320 tons, $65,311,420. Tacoma added $21,357,310 worth of imports and $48,722,265 worth of exports to the totals; San Diego exceeded $3 million imports and $1 million exports.

Vancouver Forges Ahead

Vancouver, Canadian rival of Coast ports, has shown remarkable growth in recent years. Between 1921 and 1928, foreign imports more than doubled and exports increased almost 800%. Western grain makes up a good share of the port's business.

An important place on the program of the Foreign Trade Conference will be given to problems of trade with the Orient. While European nations are at present important factors in the business of Pacific Coast ports, trans-Pacific countries offer the greatest possibilities for future development. One important reason: Yokohama is 4,500 nautical miles from Coast ports, 9,000 from New York, 12,000 from London.

Sign yourself with a swagger! Use this bold executives' pen.
442
JACKSON

Have your secretary send 10c for assorted samples to find *your* personal pen.

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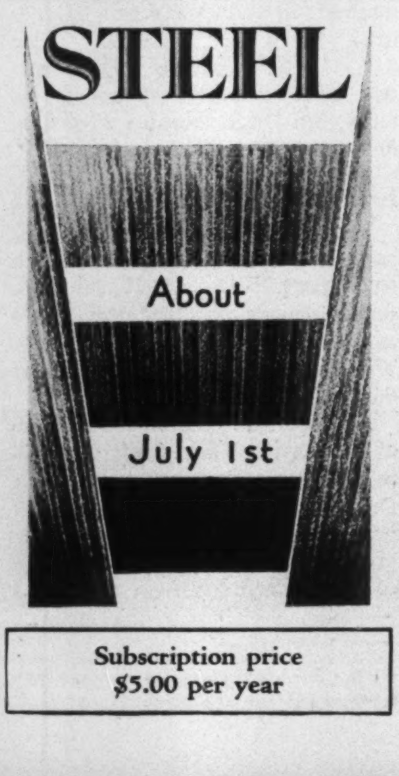


Subscription price
$5.00 per year

U. S. trade with the Orient is growing rapidly. For the first ten months of 1929 its total value was $1,780 million, distributed as follows: Japan, $557 million; China, $290 million; Malay Peninsula, $220 million; the Philippines, $185 million; British India, $174 million; Australia, $156 million; Dutch East Indies, $108 million. Trade with China has increased five-fold in 25 years, in spite of disturbed conditions there. San Francisco in 1929 had 11 steamship lines serving the Orient, Los Angeles 8, Portland 4, Seattle 11, and Vancouver 7.

Facilities of all ports are being developed rapidly to take care of the rising volume of trade. California's share of the current federal appropriation, approved by the Army Board of Rivers and Harbors, totals $11,557,000. Of this, $8,346,000 will go to Los Angeles and Long Beach, $1,284,000 to San Francisco, $646,000 to San Diego. Congress recently passed a bill to dig a channel 35 feet deep and 400 feet wide from Portland to the sea. About $50 million have already been spent on Vancouver's harbor; new piers and elevator facilities will cost $7,500,000 more.

Mexico, Pacific, Adds 20% To Southern Pacific Net

Rapid development of Mexico's west coast enabled Southern Pacific to earn a net operating income of $1,004,606 on its Mexican line in 1929, an increase of 20.84% over the 1928 figure.

This is the first time in its history that the Mexican line has been a substantial producer of revenue. Although the project was started 26 years ago, through service over the 1,248 miles of track from Nogales to Guadalajara has been maintained for only three years. Previously, revolutionary disturbances and construction difficulties prevented full operation. Last year's revolution cost the company $700,779.41 to repair damages, yet total operating income was $7,009,805, 8.27% over 1928.

Southern Pacific has put $50 millions in Mexico. Chief freight—minerals, cattle, grain, and vegetables.

Ships of Desert Now Blow Horns

Camels and donkeys are rapidly being honked out of the North African habitat, asserts the omniscient Department of Commerce. Last year, $2,000,000 worth of American automotive products were shipped to North Africa—an increase of 85% over 1928.

Selling Catalina By the Ton

Until 1919 Santa Catalina Island, just off the coast of Southern California, was a shabby community of tents and shacks, the inhabitants of which lived on fish, wild mountain goats, and summer tourists. In February of that year, William Wrigley, Jr., and a party of Chicago friends visited the island for the first time. Two days later Mr. Wrigley bought it, steamship line and all, saying that its possibilities as a pleasure resort were unlimited, and that developing it would be "one of the greatest pleasures of his life."

Today Catalina includes not only an elaborate resort, but also a model industrial community located at Pebbly Beach, two miles from Avalon, the resort center. This little industrial town makes the resort wheels go round, and in addition runs a rock quarry, tile plant, pottery works, furniture factory, planing mill, paint shop, and iron foundry. Crushed rock, furniture, and tile products are exported to the mainland. The plants employ 1,000 men and involve an investment of $2,500,000.

Construction of an airport large enough to accommodate the largest land planes is the latest project planned for the island. To do this, the top will be sliced off a 1,520 foot mountain peak—and the rock will be sold. About 50,000 tons of rock are already being exported every month.

At his selling price of $1.10 a ton, Mr. Wrigley can sell his island by the shovelful at a nice profit, level off the hills in the process, and have left 22 miles of building lots to subdivide.

Farm Power Costs California $15 Millions

Electrical power consumed by California farmers, exclusive of that used for domestic purposes, cost $15,000,000 in 1929. This figure, contrasted with the 1923 bill of $8,000,000, indicates the rapidity with which electrically-operated machinery is being installed on Pacific Coast farms.

Irrigation motors have been chiefly responsible; brooder and incubator heaters, sterilizers, refrigerators, and milking machines are next in importance. Refrigerating machinery is also being used to pre-cool fruits and vegetables before shipment. Stationary spray pumps, widely used in Washington and Oregon, are spreading to California.

Cotton Is Only Bright Spot On the Farm Weather Map

Agricultural Buying Power Lowest Since 1927, But Season's First Crop Report Is Encouraging

THE weather has now largely taken charge of the fortunes of the farmer, relegating the Farm Board and politics to the background. The planting of the spring wheat crop is practically completed, as well as most of the cotton crop, excepting a few sections where unfavorable weather conditions have retarded it.

The first of this season's series of monthly government crop estimates was encouraging for those who are praying for a short crop to ease the burdens of the Farm Board. The May estimate of the winter wheat crop is 525 million bushels, more than 50 millions below last year's harvest and over 25 millions below the 10-year average production. If this forecast proves correct it will be the smallest winter wheat crop since 1925.

However, everyone recognizes that there is many a slip between a May crop estimate and a July harvest. That realization combined with the whole world's situation and the new factor of the Farm Board in the grain market took most of the bullishness out of this report. Estimates of a 7% reduction in spring wheat planting also had little effect. Prices have lingered near the dollar level with occasional support of Farm Board buying to keep them from falling below.

Just Looks Like Dumping

The carry-over is not being reduced very fast and will be unusually large. Canada has been selling more of her surplus stocks than the United States and reports are that the Canadian pool does not regard the prospects as sufficiently good to warrant a payment of more than 70 cents a bushel on the 1930 crop. Although the Farm Board has repeatedly denied any intention of dumping our surplus abroad, such information as has come out regarding the arrangements that the Stabilization Corporation is making with millers suggests strongly that something of the kind is being done indirectly by making especially favorable prices to American millers with export connections for wheat sold to them by the Farm Board for export as flour.

Although there is no official report regarding cotton acreage as yet, the indications are that there will be some reduction. Cotton prices remained fairly strong in face of a reduction in total consumption for the 9 months of this season of nearly half a million bales less than the same period last year. This is due chiefly to continued pressure by Farm Board cooperatives in taking delivery of cotton on July contracts as they did on May contracts, causing fairly continuous short covering. In fact, the premium on July cotton over later months has at times risen high enough to lead to reports that cotton was being shipped back from Liverpool and other foreign points for delivery on July contracts.

Who'll Buy Cotton?

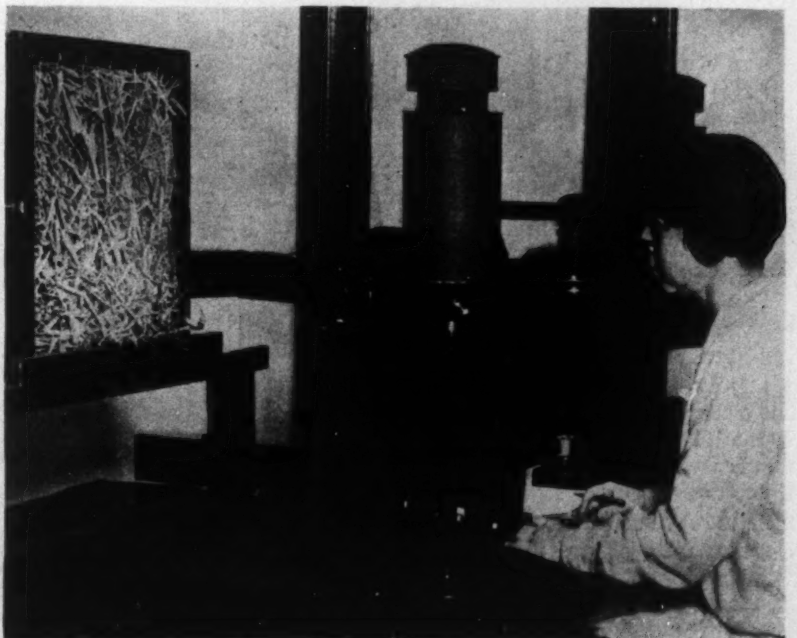
In this process the Farm Board has accumulated probably as much as a half a million bales and has apparently avoided any loss on its loans to cooperatives at 16 cents. As to what is to be done with this cotton, Carl Williams, cotton member of the Farm Board, has issued assurances that it will not be dumped on an unwilling market, though this hardly answers the question as to who will finally buy the cotton and at what price.

Aside from the temporary strength of cotton prices, the whole farm price situation is rather gloomy. The outlook for agricultural purchasing power depends altogether upon whether prices will rise after the first of July, and this is in the lap of the gods.

Exports at New Low

At present prices received by farmers and prices paid by them for commodities bought, the purchasing power of farm products is about 18% below pre-war and lower than at any time since 1927. It has declined more than 10% since last August. This unfavorable situation is due partly to the resistance to decline of retail prices of things farmers buy and partly to the low level of exporting demand. The Department of Agriculture's latest index of exports of principal farm products was in March 18% below pre-war and the lowest on record for the month.

The situation on the war front between the Farm Board and the Chamber of Commerce has been quiet except for a manifesto issued by the American Farm Bureau Federation to its 1,837 county farm bureau units appealing for a united front against "the forces which are seeking to undermine the effectiveness of the Farm Board's activities."



Wide World

GRADES FARM PRODUCTS WHILE YOU WAIT

By whirling samples of hay, cotton, and other farm products, an average color is observed which is compared with standards for the various grades

Labor and Local Taxes Hold Large-Scale Farming in Leash

Managers of Big Acreage Tell *The Business Week* That They Carry Heavier Burdens Than Industry

LARGE-SCALE farming—"definitely on the increase," according to the findings of a national survey of big farming, results of which were published in *The Business Week* of April 23 and May 7—meets many discouraging obstacles on the way to success.

These have been nowhere better emphasized than in the comments of J. A. Warren of Kouts, Ind., manager of 20 farms totaling 5,400 acres of which he owns 947. One of the 71 large-scale farmers contributing opinions to the national survey, Mr. Warren says flatly:

Done of Necessity

"Most large-scale farming is done from necessity and not from choice. The operators are only looking for a chance to get out whole. I would gladly sell but there is no use trying under present conditions."

Mr. Warren "was raised on a farm, educated in one of the best scientific schools in the country, spent 4 years in the office of farm management, U. S. Department of Agriculture and has managed large farms for about 25 years." Summarizing this experience, he says:

"Large-scale farming on virgin soil like that found in much of the West where 20 or more crops can be taken off without much decrease in yield is one thing. Farming where soil must be maintained is a different thing entirely. The first is mining; the second farming.

Good Men Not Cheap

"Farming does not readily lend itself to factory methods. Efficient managers and foremen cannot be hired for a song. Many city people, statisticians, bankers and others seem to think that no farmer is entitled to more than the cheapest laborer's wages. But it requires more ability to handle large farms efficiently than most other businesses requiring equal amounts of capital. Successful farming demands that every worker have more than a wage interest in results—or be closely supervised by one who has a definite and direct interest in results.

"The very expanse required for large farming makes it impossible for a high-priced man to supervise a large number of common laborers, so it becomes impossible to hold overhead down to a small unit cost. Further, a factory foreman may measure a man's work with a steel rule and show where it falls short and cannot be paid for. But on the farm you cannot prove to a man what the loss is—how much better a litter of pigs would have been if he had used one forkful more or less of bedding.

"One reason that efficient help is hard to get on farms is the versatility required. A good farmer or farm-hand must know how to run and repair 20 or more different machines, raise and care for half a dozen or more different crops and 4 or 5 different kinds of livestock. On top of this he must build fences, repair and paint buildings, and often do concrete work and a thousand and one other things for which a specialist would be called by many other businesses."

Another heavy burden on agriculture is local taxation. *The Business Week* asked no questions about taxation, but plenty of the big farmers mention it in their replies, especially those of the 40% who say it is impossible under present conditions for well-managed farm enterprises to earn returns commensurate with those of industry.

"The burden of local and state taxes has been the straw that has broken the farmer's back," asserts J. Harris Hardy, owner of 3,800 acres of cotton land, Columbus, Miss. "My own taxes, if cut in half, would effect a saving, over a 20-year period with interest compounded at 6% annually, of approximately $68,000."

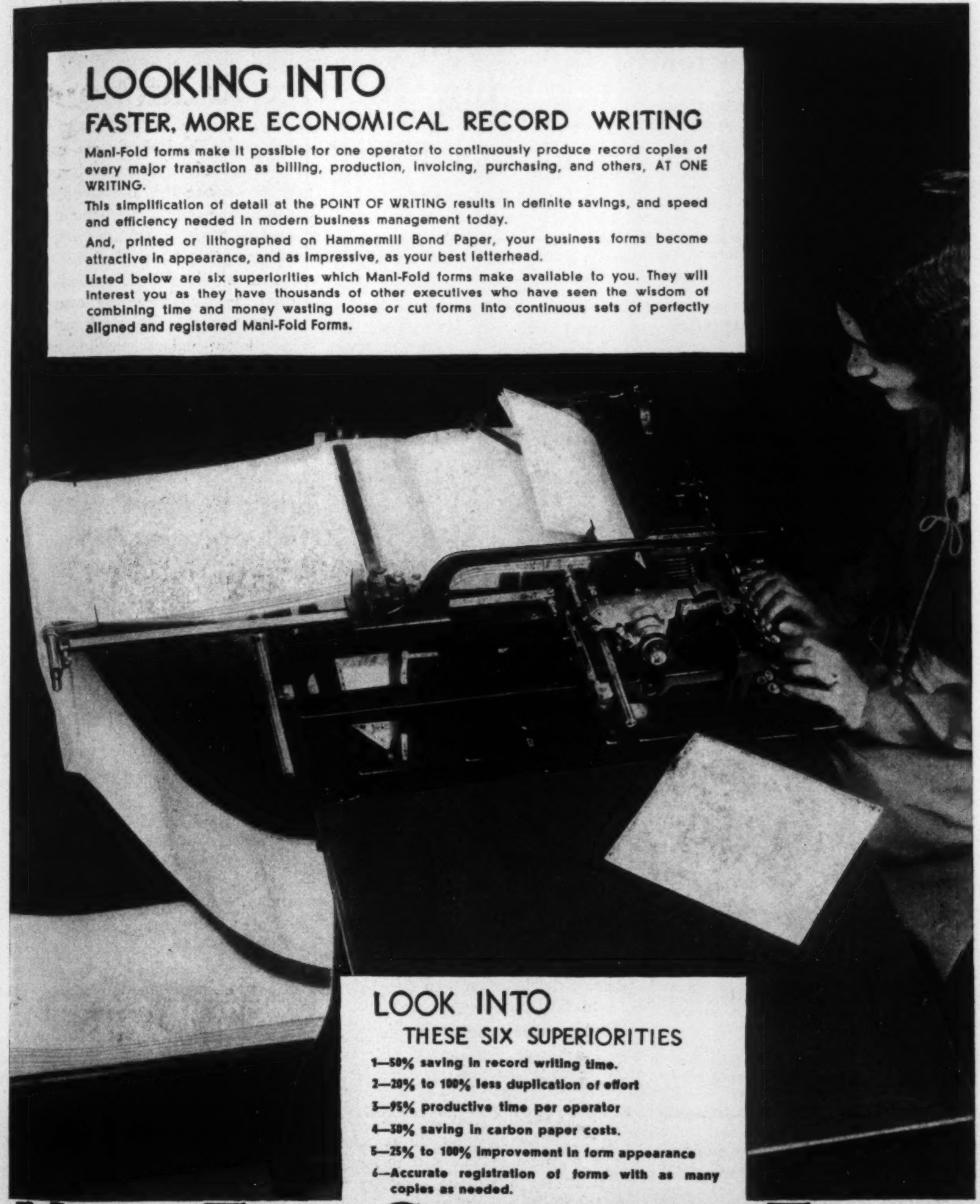
An Indiana Complaint

"While you can buy good land for $50 to $60 per acre, they put you on the tax duplicate for around $100," remarks Ernest Thornburg, Shelbyville, Ind., manager of 18 farms, 4,000 acres, of which he owns 550. "I have managed these farms in Shelby County for 11 years and made them pay an average of 6% on assessed valuation, which is about $30 per acre higher than they would bring if forced on the market."

Thomas E. Cashman, Owatonna, Minn., who farms 4 tracts of his own land, totaling 1,608 acres, states: "Even if land might be had for nothing, in this part of the country large-scale farm enterprises could not be carried on successfully due to high taxes, low prices for farm commodities, high cost of machinery, and high labor charges."

MURDER MACHINE

To kill the boll weevil, calcium arsenate is spread over 60 rows of Arkansas cotton at one puff. The tractor engine runs the fan that blows out the poison dust



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France Fears State Insurance May Wipe Out Tax Reductions

By Special Cable to The Business Week

FRENCH business men are provoked; farmers are suspicious, in some cases antagonistic; industrial workers are happy. These reactions have made themselves felt throughout the country since the Chamber of Deputies passed France's new social insurance law in April and fixed upon July 1 as the date when it becomes operative.

Manufacturers Disgruntled

Adding fuel to the flame is the steady slowing up of French business. Disgruntled manufacturers, already worried, say the new law will work hardships on them. They are to pay half of the 10%-of-wages due from employer and employee.

Farmers, specially favored in the law, are wary. Where premiums in other categories range from 6% to 10% of wages, agricultural workers pay only 2%. The small farmer, unused to modernities of this sort, suspects that the benefits won't be worth the cost. Deputies are a bit inclined to resent this suspicion after they have run the gauntlet of industrial and commercial opprobrium to favor the farmer.

Industrial workers have seen the plan in operation on a small scale, have watched a bit jealously the advantages which have come to pensioned workers, have been prime movers in the new legislation.

Cost Data Inadequate

Almost the last European country to yield to Socialist pressure and adopt paternal legislation, France is plunging into the scheme with unavoidably inadequate cost data and labor registration. The budget allows for $40 millions to aid the plan the first year. Costs in succeeding years are expected to run no higher than $50 millions. Opponents say it will be necessary to increase the estimated appropriation radically; that recent tax reductions will be voided by this new drain on the treasury; that if taxes are thus increased to former levels, the burden will be passed on to the worker in the form of higher prices.

The more optimistic see important social benefits in prospect. They point to the fact that the unemployment dole has not been included in the present law. Only sickness, maternity, disability, old age, and death are covered. In the case of sickness the beneficiary pays about one-fifth the actual costs; the insurance fund the remainder; after 6 days he receives a cash subsidy ranging from 12 to 72 cents daily for the duration of illness. Free medical attention is given maternity cases, and insurance on the sickness basis for 6 weeks before and after childbirth. If disabled, a worker will receive up to 40% of his salary, as is the case in the old age pension. At death, there is single payment of 20% of the average salary.

British Companies Add To Government Dole

BRITISH employers are, in many cases, working out their own unemployment plans to supplement the government "dole." The Joint Industrial Council of the match industry adopted such a plan as long ago as April, 1921. Six companies, employing 95% of the workers in the industry, are affected. In 1907 the Bradford Dyers Association entered into an agreement with the unions in the industry to pay a dismissal wage for 20 weeks to men who are displaced for any cause.

British employers listed by the International Labor Office at Geneva as offering unemployment benefits and supplying all the funds themselves include Rowntree & Co., York; Cadbury Bros., Ltd., Bournville; J. S. Fry & Sons, Ltd., Briston and Somerdale; E. S. & A. Robinson, Ltd., Bristol; Lever Bros., Ltd., Port Sunlight and associated companies; Needler's, Ltd., Hull; Percy Jones, Ltd., Beckenham; Redpath, Brown & Co., Ltd., Edinburgh; Boots Pure Drug Co., Ltd., Nottingham; The House of Dickenson, Herfordshire.

In addition, employment guarantees of one kind or another have been made by Imperial Chemical Industries, Ltd. with 120 plants in England, Scotland and Wales; Morland & Impey, Ltd., Birmingham; John Macintosh & Sons, Ltd., Halifax.

Needler's Ltd., Hull, offers both employment guarantees and unemployment benefits under a most interesting plan.

This record is taken by some observers to refute an argument often made against state insurance—that it stifles individual initiative.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

THE financial situation created by the pending issue of International Bank shares and Young bonds continues to be the outstanding feature of business. The situation is artificial. Apart from the recent more or less arbitrary reduction in bank rates, it has been necessary to mobilize more capital than will be actually required. This is notably true in France where it is expected the International Bank share quota will be oversubscribed one hundred fold. Massed funds in Paris are estimated to have reached nearly $200 millions. Mobilization has caused capital displacements and unnatural transfers entailing exchange irregularities and exceptional gold movements resulting in the suspension of normal investment activities and unsettled markets. As soon as the issue is made, reverse movements may be foreseen and a period of unsettlement before general business equilibrium is re-established.

By Special Cable to The Business Week

Great Britain—Notwithstanding sporadically better industrial activity, general business is still largely stagnant. Further declines are evident in April trade figures. The crack in metal prices, disturbed financial markets, weakness of sterling, and the $20-million outflow of gold to France and Germany since the reduction of the bank rate are all more or less transient factors but are having an immediate depressing effect. Other depressing factors are definitely higher taxation, uneasiness over the outcome in India, and anxiety lest the Young bond issue further strain the British capital market at a time when there are other large concurrent operations. Last week's flotations crossed the $100-million mark, included the New Zealand government loan, Rhodesian railway bonds, Agricultural Mortgage Corporation bonds, and United-Lever shares. Money so far remains easy but firming is forecast.

With one-half of the Lancashire looms and spindles reported idle, a national cotton week has been organized and spectacular appeals will be made for domestic consumers to buy British cottons in preference to other, especially foreign, materials. Even if the most sanguine hopes for increased domestic utilization of cotton fabrics are realized, such gains must remain insignificant compared with export losses. Piece goods exports last year were 195 million square yards below 1928 figures, 445 million below the figure for 1927. More than 10 million persons are affected by the decay of the Lancashire coal and cotton industries, whose only salvation apparently is the elimination of ineffective units and modernization of the remainder, which implies finding other employment for the excess laboring population.

By Special Cable to The Business Week

France—Apart from preparations for reception of International Bank shares and Young bonds, business continues its uninteresting routine character. Available funds are ample to absorb these issues, sentiment is favorable, and their success is practically assured. Since France is taking the largest European quota, these favorable prospects are of some importance to their success in other countries. Meanwhile the avalanche of private issues has come to an abrupt stop. April flotations totaled only $35 millions, in contrast to the March peak of $95 millions, and the four-month total of $312 millions. The average yield of these flotations was 4.85%, compared with a bare current average of 3% on stocks, and explains the unmoved lethargy of the stock market despite recent reductions in taxes and discount rates.

Industrial reports indicate rather more spotty conditions. Coal consumption is steady, and iron and steel production is still high, but prices and new orders are falling off. Machinery is less active. Cessation of German deliveries-in-kind, however, and modernization programs in many French plants afford good prospects. The long-standing textile depression remains unchanged; the electrical equipment industry is recovering; automobile sales are below those of a year ago.

At the annual convention of the presidents of the Chambers of Commerce of France, a resolution was voted favoring legislation to render illegal contracts covering the leasing of foreign special-purpose machinery when they prevent the lessee from using any machinery of other makes. This is particularly directed at the Allied Shoe Machinery Company of America, which has French industry largely tied up to such contracts. Parliament reconvenes early in June when it will take up the so-called National Equipment Program envisaging the expenditure of $200 millions which, in view of treasury sur-

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Indians in turbans, carrying Communist banners, march to Hyde Park in London

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pluses, may be even doubled. Contemplated are public works, roads, railways, waterways, hydroelectric development, and reforestration.

By Special Cable to The Business Week

Germany—With the political situation temporarily stabilized, the stock market is more cheerful but the immediate business depression is unrelieved. Both the Budget Bill and the East German relief program are expected to be passed shortly. Costs involved in the latter are now estimated at $150 to $200 millions for the next five years and may bring about new fiscal difficulties.

Accentuation, rather than mitigation, of depression is evidenced in the continued decline of production and the persistence of unprecedented unemployment. Such small seasonal improvements as have occurred are constantly offset by new dismissals in industries so far less affected by the general business recession. Coal mines stocks increased 1 million tons during April to an unprecedented total of 5 million tons. Unemployment stood at 2,800,000 at the end of April, which was 1 million above the figure last year. Motion pictures are now added to the long list of distressed trades. Four big theatres and many small ones in Berlin have closed because of unsatisfactory attendance.

Bright spot in the whole situation is the continued activity of the bond market and the moderate improvement of the stock market, indicating the belief that the turning point of depression is approaching. Sales of mortgage bonds in March totaled $70 millions, the highest figure for any month in the last three years. During the current year it is expected a high record will be resumed in foreign borrowing.

Feature of the week was the publication of the annual report of Farbenindustrie, Germany's biggest manufacturing concern capitalized at 1 billion marks. Although the dividend rate is maintained, the report and the balance sheet reflect the general industrial depression, affecting to a varying degree many lines of production in which the company is engaged. Total workmen employed decreased to 132,000 from 155,000, only partly accounted for by completion of the company's construction program and rationalization. Sales of dyes are about normal; production of pharmaceuticals, photographic articles, and nitrocellulose lacquers show a satisfactory increase, the latter competing with United States products, especially with DuPont specialties. On the other hand, rayon and synthetic nitrogen products are not selling so well. The report emphasizes that the Standard Oil synthetic gasoline agreement is working to the full satisfaction of both partners. The capacity of the four experimental plants erected by Socony at its American refineries now amounts to one-third of Germany's total consumption of petroleum products. Americans continue to penetrate into the German electrical industry. Standard Electric, I. T. & T. subsidiary, has bought from Phillips, prominent Dutch firm, a controlling interest in Lorenz A. G., low-tension electrical instrument manufacturers. The purpose of the present acquisition of Lorenz is to obtain not only the plant, but their 10% quota in the post office automatic telephone contracts. These bring the total held by Standard Electric to 28.5%. The remainder is held by Siemens and affiliated companies.

By Special Cable to The Business Week

Belgium—Conditions which, until recently, were relatively resistant, are now changing rapidly towards depression. Coal stocks are massing; steel is declining; glass and mirror industries are expected to close down 50% of their works; but rayon remains remarkably strong, in contrast to inactivity in most other countries. Difficulties are attributed to the upset of raw materials costs and unchanged wage levels, and to the restriction of export markets by troubles in India and China and the tariff increases in the United States. Public opinion is demanding abrogation of the United States most-favored-nation commercial treaty, existing since 1875, and adoption of reprisal tariffs on American automobiles.

By Special Cable to The Business Week

Italy—The general business tone is improving. Indications which are particularly good are sales of both popular and high-priced American automobiles at the Milan fair, favorable dividend announcements, and active company expansions. Conspicuous example of the last is the Lombardy Electric Power Co., holders of a 1926 $4-million loan from Chase Securities and Blair. This company is increasing share capital 25% to $26 millions. Similarly, Centrale Hydroelectric Holding & Financing Co. is increasing its capitalization 20% to $15.6 millions. Of related interest is the announcement from the Ministry of Public Works that hydroelectric development since the beginning of the year has totaled 3,640,000 hp. with 742,000 hp. still under construction. This indicates Italy's postwar effort to develop waterpower to offset its dependency on foreign coal. Continuing its policy to improve foodstuffs distribution and to lower living costs started in the recent abolition of octroi duties, the government has decreed no new food stores of any kind can be opened in the next 5 years. The purpose is to restrict existing over-expansion and compounding sales costs. A recent census showed that there are 345,000 food shops, or roughly 1 for each 100 persons. They average only 1½ employees, including owners and families.

LATIN AMERICA

The business outlook in Latin America is less optimistic. Chile, which has enjoyed unusual prosperity, is experiencing a slowing up of activity. Argentina's export trade for the first quarter was 32.9% in value and 35% in volume below that of the same period in 1929. Colombia is suffering from continued political uncertainty. Latin American bonds still do not find an eager market. Even the small Uruguayan issue has gone slowly.

The Peruvian government is reported to have signed a contract with Warren Brothers of Boston to construct from 800 to 1,000 kilometers of highway.

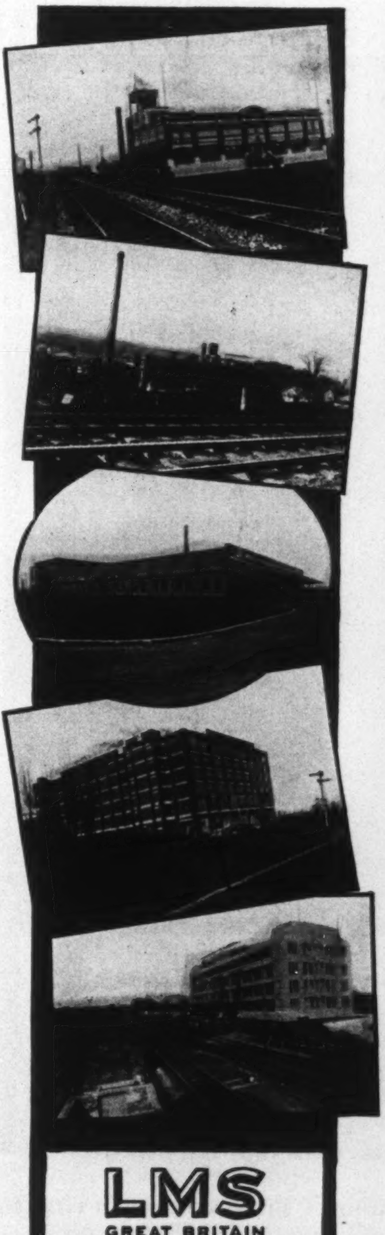
Mexico seems to have reached bottom. Despite rumors to the contrary, engineers report that silver mines are not closing completely except where the government has ordered water reserves, used to create hydroelectric power, to be diverted for irrigation. The political situation is more favorable to the rapid carrying out of the extensive roadbuilding program.

Cuba presents an anomaly. Just pulling out of a sugar crisis and witnessing Brazil's coffee crisis due to overproduction, the country reports increased coffee plantings, defends its soundness on the grounds that domestic production still does not fill home demands.

Argentina — Business activity is slower. Revenue collections at the Buenos Aires Custom House to May 1 amounted to $108,000,000, which is a decrease of $18,000,000 over the same period last year. Bankruptcies increased in April. Buenos Aires bank clearings amounted to $3,224,000, compared with $3,740,000 for April, 1929.

The Banco de la Nacion has begun selling to small importers dollar drafts against the loans of $50 millions recently placed in New York. They have arbitrarily set exchange for these transactions at 112 gold pesos for $100—making a saving of $2.50 on every $100 for importers, who otherwise must buy on the open market.

"British Made" Gets British Money



American goods manufactured in Great Britain become British goods —"Made in England."

A product stamped, "Made in England," achieves greater goodwill in England than an imported article. It can be sold for a lower price—at a higher profit—than an import, because of the lower cost of British labor . . . With no customs duties, no over-seas transportation charges, overhead expense is greatly cut.

Establish your own factory in England, and manufacture British made products for British consumption.

A complete listing of factory sites for sale, and buildings suitable for factories—for sale or rent—may be obtained from the American office of the London, Midland and Scottish Railway of Great Britain.

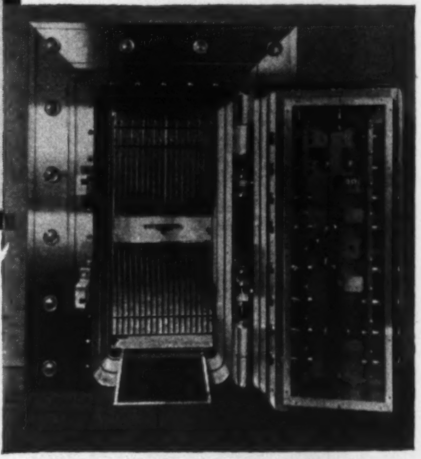
L. M. S. offers a free service to American manufacturers. Photographs . . . plans . . . information as to power and water supply, municipal rates, type of labor available, forms of transport serving the various sites—full details may be had on application.

London, Midland & Scottish Railway of G. B.

Thomas A. Moffet, Freight Traffic Manager in America
1 Broadway, New York City

A BUSINESS THAT HAS LOST ITS RECORDS

IS LIKE A TRAVELER THAT HAS LOST HIS PASSPORT



WHEN flames steal in and find vital records inadequately protected, they take from a business its valid proof of existence—accounts, cost records, research data, patent models, master tracings, audit data, sales reports, prospect lists, contracts. ★ ★ The protection of these records is vital to the business itself. That is why Diebold Safe and Lock Company makes a fire-resistive safe with the same care that it constructs bank vaults and vault doors. ★ ★ The material for a Diebold Safe, the construction, the testing—all these various steps in dependable safe construction are attended to with the same care that builds the great vault door in your bank. *There is a Diebold Safe for every fire risk.*

Diebold SAFE AND LOCK COMPANY, CANTON, OHIO
SEVENTY YEARS OF BANK SERVICE

What the Figures Show

	Latest Week	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	***97.0**	**‡94.2**	**108.0**
Production			
Steel Mill Operation (% capacity)	**76**	**77**	**98**
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	**$18,834**	**$18,874**	**$20,927**
Bituminous Coal (daily average, 1,000 tons)	***1,388**	**‡1,365**	**1,483**
Petroleum (daily average, 1,000 bbls.)	**2,595**	**2,595**	**2,625**
Total Electric Power, millions kw.-hr.	***1,840**	***1,855**	**1,855**
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	**157**	**151**	**175**
Check Payments (outside N. Y. City, millions)	**$6,209**	**$5,487**	**$6,133**
Wheat Receipts (1,000 bushels)	**3,733**	**4,077**	**3,835**
Cotton Receipts (1,000 bales)	**84**	**96**	**110**
Cattle Receipts (1,000 head)	***156**	**‡162**	**152**
Hog Receipts (1,000 head)	***483**	**‡460**	**458**
Wool Receipts (1,000 lbs.)	**4,168**	**7,552**	**2,939**
Prices (Average for the Week)			
Wheat (No.2, hard winter, Kansas City, bu.)	**$ .96**	**$ .97**	**$1.04**
Cotton (middling, New York, lb.)	**$ .165**	**$ .164**	**$ .196**
Iron and Steel (composite, ton)	**$33.84**	**$33.96**	**$37.13**
Copper (electrolytic, lb.)	**$ .124**	**$ .131**	**$ .178**
All Commodities (Fisher's Index, 1926=100)	**89.0**	**89.7**	**95.7**
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	**$16,852**	**$16,964**	**$16,257**
Commercial Loans, Federal Reserve member banks (millions)	**$8,593**	**$8,583**	**$9,016**
Brokers' Loans, New York Federal Reserve member banks (millions)	**$4,007**	**$4,074**	**$5,565**
Federal Reserve System Ratio	**83.6**	**83.0**	**75.1**
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	**25,977**	**30,310**	**20,330**
Stock Prices (N. Y. Times, average 50 stocks)	**$222.05**	**$226.33**	**$250.15**
Bonds Sold (N. Y. Stock Exchange, par value thousands)	**$61,629**	**$67,390**	**$55,104**
Bond Prices (Dow, Jones, average 40 bonds)	**$95.05**	**$95.94**	**$94.64**
Interest Rates—Call Loans (daily average) %	**3.2%**	**3.9%**	**12.4%**
Interest Rates—Time Loans (daily average) %	**3¾%**	**3¾-4%**	**8½-9%**
Business Failures (Dun, number)	**525**	**472**	**428**

***Preliminary** **‡Revised**

AFTER several weeks of stagnation, business appears to have freshened a little and has resumed its slow and irregular climb back to normal. Although basic industrial activity has entered upon a period of seasonal decline, it is holding slightly above the level of seasonal expectations, and general trade shows considerable improvement. Commodity prices, however, still have a tendency toward weakness.

The Business Week's preliminary index of general business activity for the week ended May 10 has risen to 97% of normal as compared with the final revised figure of 94.2% for the preceding week. The index for the corresponding week last year was 108% of normal. This rise in the index is not significant in itself, but it indicates that the slow upward trend that has been going on in the past ten weeks is still in progress. If this continues at the rate shown since the first of the year our index should be back to normal by October.

The Case of Steel

The rate of steel ingot production has declined slightly for the third consecutive week and is between 75% and 76% of current theoretical capacity as compared with about 77% in the preceding week. This decline is in accordance with the usual seasonal movement, but has so far been less pronounced than in other years. In view of the falling off in the latter part of February and the first few weeks in March, there is a fair chance that the summer decline may be more moderate than usual.

As the leaders of the industry pointed out at the recent meeting of the Steel Institute, the current level of steel activity is actually relatively high. *The Business Week's* index, in which allowance is made for seasonal factors and year to year growth, is a few per cent above normal. The increase in steel capacity in recent years, however, has created the impression within and outside the industry that steel production this year has been unsatisfactory. This is chiefly because current demand, especially from the automobile industry, is not extremely active and prices for most lines, from finished steel to scrap, continue to weaken. Activity in automobile steel, tin plate, railroad lines and even agricultural implements is static or declining, but line pipe, shipbuilding, road building and structural steel demand are fairly active. Structural steel awards last week were at the fairly high level of 47,000 tons.

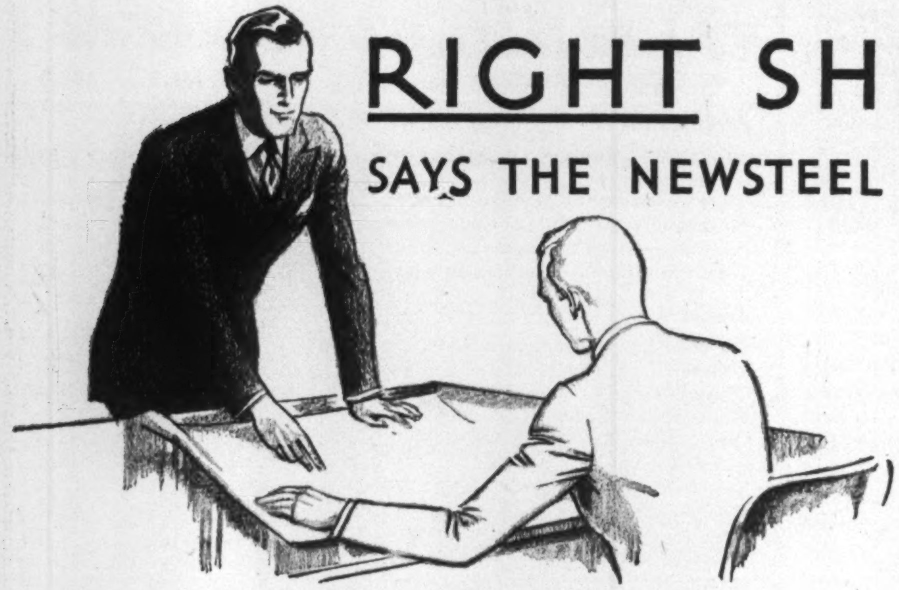
The Steel Corporation's report on unfilled tonnage as of the end of May was of no special significance. It is the first decline in unfilled orders since July, 1929, which marked the end of last year's boom; but a drop between the end of March and the end of April is a fairly regular thing, and the decline this year is less than in some prior years.

After some hesitancy during the latter part of April, building has picked up again and is holding a fairly good level. The four-weeks daily average of general building contract awards, according to Dodge figures, though down slightly for the latest week, is still close to the highest level for the year so far and only 10% below a year ago. *The Business Week's* index indicates that general building construction is now about 16% below normal. Because of several big contracts, heavy construction awards, according to *Enginering News-Record* figures, rose sharply for the week ended May 15 and were the second largest this year. The total so far this year is only about 18% below a year ago.

The output of electric power for the latest week actually declined below the 1929 level for the first time this year. This, however, is explainable by the

"USE ONLY THE RIGHT SHEET"

SAYS THE NEWSTEEL ENGINEER



IT'S A SOUND PRINCIPLE OF ECONOMY . . . .

SOMETIME ago the Newsteel Engineer developed a particular steel sheet specification which he recommended as the RIGHT sheet for a certain radio manufacturer's use. However, a much lower priced sheet, not Newsteel, was decided upon by the manufacturer.

About four months later, the Newsteel Engineer was again called into the picture —and was shown a great number of steel sheet parts condemned as unfit for use.

After again going thoroughly into the matter, the Newsteel Engineer advised that his original recommendation was still the answer.

Newsteel Sheets are now being used exclusively—and successfully for this product. It pays to let the Newsteel Engineer study your steel sheet requirements. He will come to your plant whenever you say.

Specifications are made from quality Newsteel Sheets—Automobile, Steel Furniture, Full Finished, Full Pickled, Single Pickled, Black, Blue Annealed, and Copper Bearing.

THE NEWTON STEEL COMPANY, YOUNGTOWN, OHIO

Detroit Cleveland Chicago New York Indianapolis

PLANTS AT NEWTON FALLS, OHIO, AND MONROE, MICHIGAN

NEWSTEEL

SAVE WITH STEEL *THE ENGINEERED STEEL SHEET*

The chart on this page shows the course of *The Business Week's* weekly index of general business activity since the beginning of 1930. The index is based on eight series of weekly figures, four measuring general productive activity and four measuring general trade. It shows the current level of the volume of business during a period covering the two weeks preceding the date of issue, as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the nature, purpose and method of computation of the index see *The Business Week*, May 7, 1930, page 31.

unusual bulge in electric power production during the latter part of April and early in May a year ago, when the final stage of the business boom last summer set in. Our index, allowing for seasonal fluctuations and year to year growth, shows power production nearly 3% above normal.

The rate of bituminous coal production has been increasing for the past two weeks, in accordance with the usual seasonal movement, and is above the 1928 level, although our index shows coal output about 20% below normal. The level of petroleum production remained practically unchanged for the week, below last year but above 1928.

Prices Still Decline

The downward trend of prices continues, though at a somewhat slower rate. The wheat average, slightly weaker, is still below the dollar level, where Farm Board operations are supporting the price. The cotton average was slightly stronger and is still being maintained by Farm Board operations in taking delivery on the old crop under July contracts. Iron and steel prices continue to decline in almost every line. Scrap prices are still moving downward by about 25 cents a ton per week. The copper price was somewhat stronger during the week under heavy foreign and domestic buying and the restoration of a fairly open market on a bid-and asked basis for the first time in more than a year. Although the latest report on copper stocks showed an increase in the surplus of refined copper of 45,000 tons to over 300,000 tons, largest since 1921, consumers seem willing to buy at prices between 12½ cents and 13½ cents, and it is likely that the copper price has found a fairly economic market level until general business improves greatly.

The Fisher all-commodity index declined further for the week, as did the National Fertilizer Association index, both to new low points.

General Trade Indicators Better

The general trade indicators are distinctly better. After unseasonable weakening, carloadings have resumed their usual seasonal rise during the past two weeks and for the latest week are only about 10% below 1929 and less than 5% below 1928. There were increases last week in every classification except forest products and live stock. Part of the lag in total carloadings in recent weeks has been due to the later opening this year of the Great Lakes for shipment of ore from Duluth, as well as reduced loadings of coal. Loadings of merchandise and miscellaneous freight increased for the week but are 7.6% below 1929 and 4.6% below 1928.

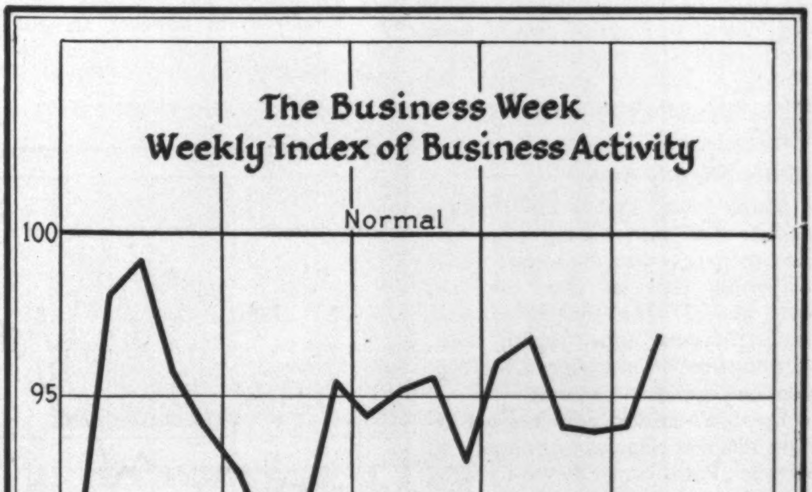
The most striking feature of the general trade indicators this week is the increase in check payments outside of New York City, which rose sharply and were above the 1929 level for the first time this year with the exception of the second week in January. This rise brought our index of bank debits outside New York City to more than 5% above normal. In 131 cities outside of main financial centers, check payments were 0.2% above 1929, for the first time this year with the exception of the second week in January. Since stock exchange activity has been relatively slack, this increase probably reflects a considerable measure of trade movement.

Currency in circulation rose for the week, and this element in our general business index is less than 2% below normal. Outstanding commercial loans of reporting Federal Reserve member banks also rose for week, and because of the low level of commodity prices our index of the volume of trade activity they reflect is but slightly below normal.

The number of commercial failures has again jumped above the 500 mark and remains considerably above last year's level, though not far above the corresponding week in 1928.

Department store sales in April were 8% larger than last April. Increases were shown in all but two Reserve districts, Atlanta and Dallas, and the increases were as much as 12% in the New York and Richmond districts. This improvement reflects in part the late Easter. March and April sales together, however, were 2% below last year, with decreases in every district except New York. For the first four months of the year department store sales were 4% below a year ago, with decreases in every district except New York and Boston.

Fairly complete reports on chain store and mail order sales show an average gain in April over last year of nearly 2%. For March and April combined the increase was 3.9% and for the first four months of the year 6.2%.



Money and the Market

THE stock market relapsed into dullness this week after a substantial recovery from the lows of the last one. Sales volume dropped to the lowest total since early March. Changes in money, bonds and bank credit were small.

Utility shares staged what was proportionally the broadest recovery, gaining back about half of the ground lost in the decline. Industrials came back to a smaller extent and rails still less. The market became highly professional, and very "thin." It now has fewer participants than for some time, due to the present feeling of uncertainty.

Irregular Market Ahead

This uncertainty points toward an irregular market in the near future, pending some definite indications of a better state of trade. The small number of individuals in the market, however, tends to make possible wider fluctuations, especially toward lower levels. But substantial buying in leading shares has been encountered at prices a few points lower than at present. The market has tested this level twice in the current year. Too, vacation season is nearly here, and the market tends to go dull in the summer, although 1929 was an exception to that rule.

Little news of significance, marketwise, was forthcoming in the week. Stock exchange officials are investigating suspected manipulations in Celotex and Manhattan Electrical Supply stock which resulted in peculiar movements. This is at least the second time the latter stock has been involved in an inquiry.

Money Slightly Easier

Money tended slightly easier on the market. Call money hung more persistently to 3% than for several weeks. Acceptance rates on some maturities were marked down, and time money against collateral turned slightly easier. A discussion of mortgage money appears on page 12 of this issue.

The bond market still does not receive sufficient stimulus to overcome its softness. Prices moved forward a little, then dropped back this week. Sales were smaller than they have been in about two months.

The prospective reparations issue is playing a large part in the present situation by keeping investors waiting. The French are insistent that the issue be brought out this month, and efforts are being made to that end. Money markets are as favorable, so far as interest rates go, as they are likely to become. The World Bank, which will bring out the issue, however, is not yet operating smoothly.

Britain is turning increasingly jealous of the new institution, fearing a loss of business and prestige for London. German dissatisfaction is again strong. Even so, the bond issue is almost certain to appear before long. Terms are not yet completely agreed upon. Indications point to a rate of interest of 5½%, with an issue price varying with the countries according to degree of receptivity and taxation so as to make the yield desirable. Reports have it that the offering may be at 90 in the United States, and up to 95 in France. Since this first offering is but the beginning of the job, all interested parties are most eager that it be completely successful.

Foreign exchanges show little change from last week. Sterling was a little firmer, though the pound is not far above the point at which gold would be shipped to the United States. Francs were slightly higher than last week, but marks were a little weaker.

England Loses Gold

France continued to take gold from London, though there was some improvement in franc-pound exchange. The Bank of England showed a decrease in its gold for the first time since January. Total reserves, however, are still high. The Reichsbank continued to delay cutting its discount rate, though a decrease soon is regarded as certain.

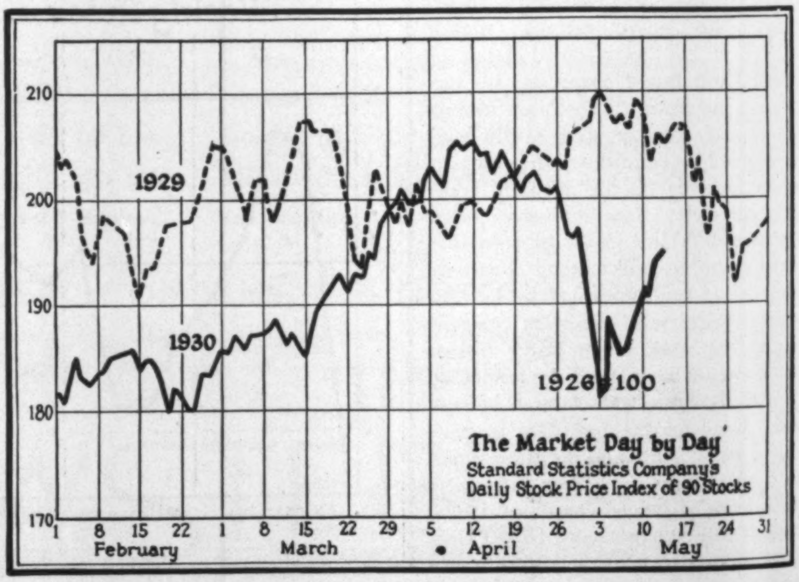
Declining trade, especially foreign trade, brought a further decrease in total of bankers' acceptances, shown by figures as of the end of April, issued this week. Reduction in April amounted to $125,568,000. The total of $1,413,000,000 still is $302,875,000 above a year ago.

Loans to brokers by reporting member banks in New York city declined $67,000,000 this week. This makes a total liquidation of more than a quarter of a billion dollars, resulting directly from the large decline in stock prices in recent weeks. The decline was largely in loans by non-New York banks, and partly by "others." New York banks slightly increased their loans to brokers.

New York Banks Out of Debt

More plentiful credit supplies enabled the group of large New York city banks to get entirely out of debt to the Federal Reserve Bank of New York. This happens very rarely, except in a period of abundant short-term credit like the present when it may come fairly frequently. The last occasion was the report of March 26.

Federal Reserve credit outstanding declined further, to total $920,000,000. This is lowest since 1924. Discounts dropped off $27,000,000 to total $210,000,000. Acceptance portfolio decreased slightly, and holdings of government securities were unchanged. The New York Reserve Bank accounted for the entire decline in Reserve credit, and its decline in security holdings was larger than the drop for the entire system. Member bank credit was little changed except for a decrease in security loans as a result of the drop in brokers' loans.



The Market Day by Day
Standard Statistics Company's Daily Stock Price Index of 90 Stocks

Mr. Breslin inspects your trucks . . then talks facts about your

Truck Tire Problems

Before the Goodrich Truck Tire Distributor attempts to sell you a Silvertown Tire "to do the job" he finds out what that job is and selects the size and type of tire to fit it. He is interested in keeping your business by saving you money.

MANY a product has been glorified across an office desk. Serious "cost" problems have been solved—theoretically. But "high pressure salesmanship" usually stops here.

The actual facts are that *quality* can go just so far in accomplishing results.

The rest depends upon the proper adjustment of the conditions under which that quality product operates. Take your trucks, for instance. Brakes, wheels, rims, speeds, loads, etc., are tremendous factors in obtaining satisfactory mileage.

Mr. Breslin's selling is based entirely upon a recognition of this fact—on his ability to do something about it.

He sells a high quality truck tire—Goodrich—with that he sells mechanical knowledge, experience, *real* service to back it up.

Take a look at him in action. He has called at your garage. He is inspecting your equipment, learning about your operation. He studies the conditions under which your trucks operate—finds a way to control them.

Then he calls on you again at your office. He submits constructive recommendations. Invariably these recommendations, based on facts and observations, contain the *one* specific solution to lower truck tire costs, to more efficient operation.

This new Standardized Goodrich Truck Tire Service program is producing real results everywhere. And more and more, Mr. Breslin, the Goodrich Truck Tire Distributor, is being recognized as "the" Tire Transportation Engineer in your locality.

The B. F. Goodrich Rubber Company, Established 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif.

In Canada; Canadian Goodrich Co., Kitchener, Ont.

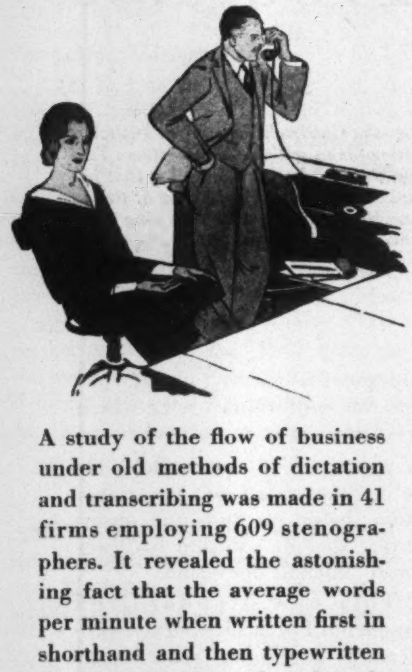
Goodrich HEAVY DUTY Silvertowns

another B. F. Goodrich Product

32,000 Different Rubber Articles · Goodrich Silvertowns · Zippers · Rubber Footwear · Drug Sundries · Soles · Heels · Hose · Belting · Packing · Molded Goods

EDISON:

Prove that we are slowing up business with dictation at the rate of only 24 words a minute



A study of the flow of business under old methods of dictation and transcribing was made in 41 firms employing 609 stenographers. It revealed the astonishing fact that the average words per minute when written first in shorthand and then typewritten was less than the number of words contained in the paragraph below. (24 words per minute.)

Ediphone can double this rate. Let us prove this. Telephone "The Ediphone," your City, or ask for the book, "An Easy Way to Chart Your Correspondence."

THOMAS A. EDISON
INC.
ORANGE, N. J.

T.A.E. INC.

Ediphone
Edison's New Dictating Machine

World-Wide Service in all Principal Cities

The Dublin Letters

To Mr. George Clark, Treasurer and General Manager Of the Dublin Advertising Agency — Again About Phil Bailey, Vice-President of the Same

The "Hawk's Nest"
New Hampshire,
August, 1927

Dear George:

I have acknowledged Phil Bailey's letter in my best non-committal manner saying that we'll have a long talk in September. I didn't say it will be as broad as it is long, but you can bet your pet mashie it will. However, this doesn't mean that I think I can do much with him.

The trouble is that Phil is all soloist and these single singers balk at choir work. When and if the Dublin reorganization takes place I doubt very much if Phil will join up unless headlined. His letter practically serves notice on us to that effect. No picking and shoveling along with the boys for him. Ensemble? Boloney! Fraternity? Mush! Be mugged as a mere Vice-President in a group picture of a happy business family? Nix—blurs a guy's best features. President? Nothing but!

Yet, with all of Phil's scintillant faults, I would be reluctant to have him divorce us. He may be our pampered boarder who is conceded all the cream for his coffee, first lien on the white meat and southern exposure. But he puts *pace* in the Agency. He has the spark and shoots it. He keeps us from settling back on our haunches and growing beefy in the cerebrum. He's one of the few non-writing ad men I've ever met whose judgment of copy is worth the wind in the wind-pipe it takes to give an opinion.

Phil's reading of the Great American Public is a marvelously penetrative X-Ray instinct. He doesn't know and love the rank and file of his countrymen first hand as Ben Frost does, yet with his intuitive, short-cutter, quick-cooker mentality he hits the true notes. I think he sometimes knows what the Great American Public wants better than the G. A. P. itself.

You've got to give these babies the edge. God gave it to 'em and they keep on *taking* it whether you give it to 'em or not.

But if we're hung up on a picket fence in between Phil's ambitious demands and the threatening organization veto—then the organization *wins* and Phil will have to sashay out. It took twenty years to build up the Dublin coterie and it won't take twenty years to discover or develop another P. B.

Too bad. As I write, my original sheen of anger becomes fuzzed over with the lint of sadness gathered from introspection on this crossword puzzle we call human character. My emotional snarl is patterned somewhat after that of an Irish servant girl whose virgin brawn has emerged, rumpled and secure, from a scrimmage d'amour with the chauffeur. What a shame he can't be given his own way, the dashing divil!

Well—neighbors coming in for dinner and bridge-gab so will have to chop this.

For now I have a pair of practical suggestions.

First, let's be very, very mouse-y for a spell.

Second, I think I'll have to liberalize my ideas about our Vice-Presidential quota. I think Phil has probably had a monopoly on those shoulder-straps long enough—and it wouldn't be unwise at this time to hatch out another brood. I guess Ben Frost and Archie Bellamy would be glad to oblige by taking on an official status. So this fall we'll elect 'em. Thus, concerning our Mr. Bailey, we will *subtract* by *adding on*.

Will write again soon as I don't feel exactly finished yet.

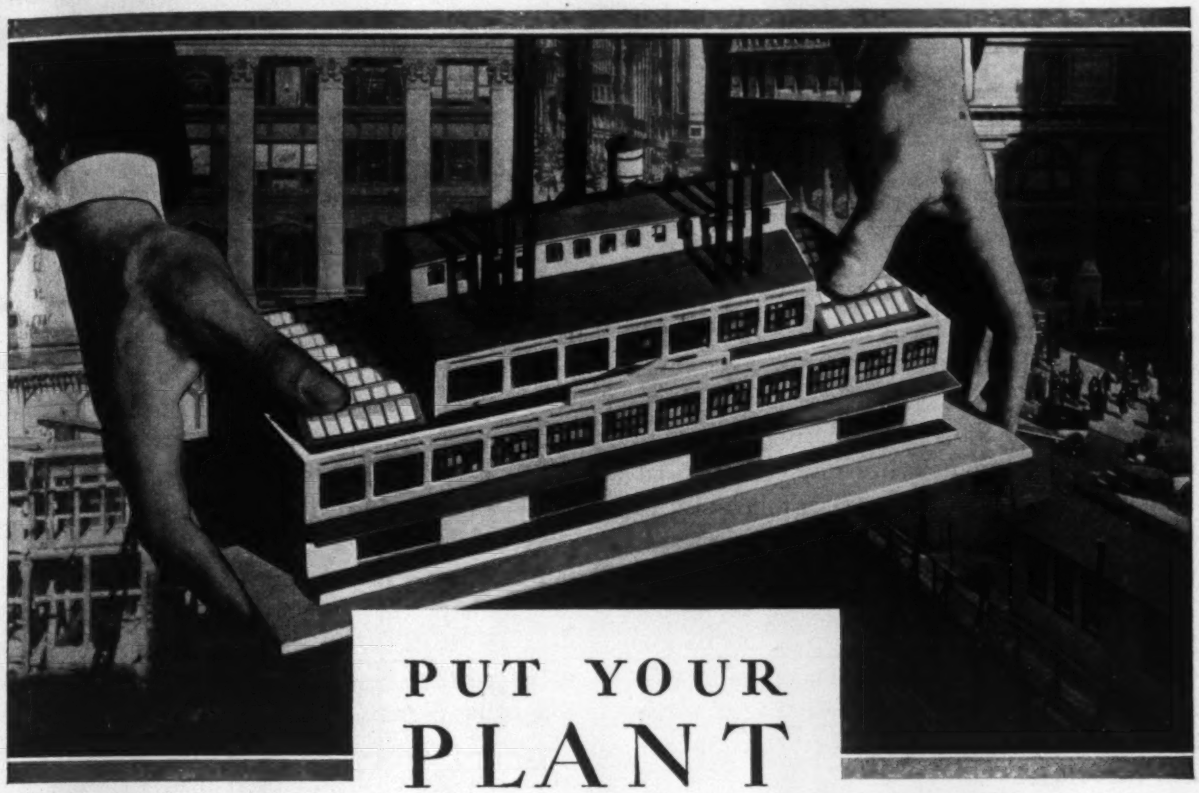
Regards— Jim.

Lettuce Growers Thrive Under Mrs. Post's Knife

THE lettuce growers, the silversmiths, and Emily Post have combined in a marketing venture.

Head lettuce, delicious but often unmanageable under etiquette's old dictate "with fork only," is to be popularized. Mrs. Post has consented to the use of a knife. Community Plate, with small urging from the Western Growers Protective Association, has designed a special salad knife, is making it now, will offer it on the market shortly.

Lettuce growers are planning a new "Eat more lettuce program. It's easy and proper with a knife." Community Plate will urge: "Bring your silver up to date with lettuce knives." Booksellers will want an eighteenth edition of Mrs. Post's popular "Etiquette" with remarks on lettuce knives among the addenda.



PUT YOUR
PLANT
in the midst of your customers

YOUR raw materials travel but few paths. Your finished products travel thousands of paths.

When a manufacturer chooses a plant site he must consider where his market is, as well as where his raw materials come from.

Fortunately, there is a location where production costs are low, and where market is nearby. That place is New York State. It offers a manufacturer two outstanding advantages:

1. LOWER COST OF DISTRIBUTION
2. LOWER COST OF ELECTRICITY

As to electric power, the rates in Niagara Hudson territory are decidedly lower than in the nation as a whole. As to marketing costs, New York State is the nucleus of a region which comprises 49% of the nation's people and 55% of the nation's wealth. This great market is economically reached through railroads, waterways and concrete roads. The distance between producer and consumer is cut to a minimum. The trend toward hand-to-mouth buying favors the producer in New York State.

And it is easy for the New York manufacturer to get his raw materials. Most of these are available right within the state or nearby. Plentiful skilled labor, ample capital, and temperate climate also contribute to low-cost production in New York State.

More information is given in a new 28 page booklet—"New York, the Great Industrial State." This booklet is sent without a personal follow-up. For your copy address the Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y. If you desire further data, the Bureau's engineers are available to you gratis. On request, they will analyze your costs and your profits. They will rest the case for New York State on the bare facts as revealed, free from the unusual generalities, and free from the usual salesmanship.

NIAGARA HUDSON

Write for our new book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below:

ALBANY
ALBION
AMSTERDAM
ANTWERP
BALDWINSVILLE
BALLSTON
BATAVIA
BOONVILLE
BROCKPORT
BUFFALO
CANASTOTA
CANTON

CARTHAGE
COBLESKILL
CORTLAND
COHOES
DEPEW
DOLGEVILLE
DUNKIRK
E. SYRACUSE
FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN

FRANKFORT
FREDONIA
GENESEO
GLENS FALLS
GLOVERSVILLE
GOUVERNEUR
GOWANDA
GREEN ISLAND
HAMBURG

HERKIMER
HOMER
HUDSON
HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA

LANCASTER
LEROY
LITTLE FALLS
LOWVILLE
LYONS
MALONE
MASSENA
MEDINA
MOHAWK

NEWYORK MILLS
NIAGARA FALLS
N. TONAWANDA
NORWOOD
OGDENSBURG
OLEAN
ONEIDA
OSWEGO
POTSDAM

PULASKI
RENSSELAER
ROME
ROTTERDAM
ST. JOHNSVILLE
SALAMANCA
SARATOGA SPRINGS
SCHENECTADY
SCOTIA
SKANEATELES
SOLVAY

SYRACUSE
TONAWANDA
TROY
UTICA
WATERFORD
WATERTOWN
WATERVLIET
WELLSVILLE
WESTFIELD
WHITEHALL
WHITESBORO
WILLIAMSVILLE

EDITORIAL

To Trade, Or Not To Trade With Russia

AMERICAN concerns — along with German, British, and others—have been doing a lot of business with Russia, and will have opportunity to do more. *The Business Week,* as part of its service, has regularly reported what facts it could find about this trade, and will continue doing so. This business has been much needed lately, and presumably profitable to everybody concerned, else it would not have been done. It wasn't done because anybody loved the Soviet government. But in many peoples' minds this question remains: That government being what it is, the purpose of its rulers what they are, is this business good policy; should it be facilitated and encouraged?

In this issue we publish a solicited statement expressing as explicitly as can be expected the attitude of the Department of Commerce on American trade with Russia.

We see two distinct questions in this issue. One is whether it is safe for any particular concern to do business with Russia on credit now. The other is whether it is in the long-run interest of American business in general to trade with Russia at all.

Our own view is that it is probably against their long-run interest for the United States or any other country to trade with Russia. We believe that the Soviet regime is likely to survive and grow stronger, that its plan for the industrialization and socialization of Russia can and will probably be realized—whether in five, ten, or twenty years; that the purpose of the Soviet regime and ultimate effect of its survival and development is the breakdown of the capitalistic system in the rest of the world. We think that trade and other relations with Russia inevitably tend to hasten that process. They not only help strengthen the Soviet regime, but they lay the basis for destructive price competition and open the way to social and political disturbance by Communist propaganda. For that reason we approve the policy of the American government in refusing to recognize the Soviet government.

But whether or not these fears are justified—and we hope they aren't—we do not expect individual business men to guide their conduct by such considerations, and do not believe they should be coerced into doing so. Freedom of trade and individual initiative and responsibility in business are always preferable to political control or paternalistic influence, no matter how praiseworthy the purpose may be. If we are to combat the Soviet menace at all we cannot do so by imitating her in this respect. We are sure business men will trade with Russia anyway, if they feel like it. They should be allowed to do so, on their own responsibility and at their own risk, and they should be given whatever assistance by way of impartial, correct information they need in order to act intelligently upon such opportunities as they may have.

Those opportunities are great, and for some time, at least, we think the chances of loss will be small. It is the long-run danger in Russian trade that makes the immediate risk slight. The Soviet has too much at stake, gains too much by foreign trade now, to risk destroying it soon by credit default. When they are ready to do so the rest of the world will know it soon enough.

In the meantime we see no reason why American business should not make all the hay it can in Russia while the sun shines.

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